

WORKFORCE DEVELOPMENT

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$468,678,000	\$414,336,700	\$436,162,000	\$435,719,700	\$435,569,700	- \$33,108,300	- 7.1%
FED	1,213,497,000	1,556,934,200	1,594,334,800	1,596,521,600	1,596,521,600	383,024,600	31.6
PR	316,487,000	298,209,500	402,891,400	402,501,400	402,501,400	86,014,400	27.2
SEG	<u>16,510,000</u>	<u>19,456,700</u>	<u>19,037,000</u>	<u>19,037,000</u>	<u>19,037,000</u>	<u>2,527,000</u>	15.3
TOTAL	\$2,015,172,000	\$2,288,937,100	\$2,452,425,200	\$2,453,779,700	\$2,453,629,700	\$438,457,700	21.8%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
GPR	299.13	294.31	293.81	291.31	291.31	- 7.82
FED	1,438.75	1,445.82	1,428.82	1,428.82	1,428.82	- 9.93
PR	696.32	639.67	635.17	635.17	635.17	- 61.15
SEG	<u>7.50</u>	<u>7.50</u>	<u>7.50</u>	<u>7.50</u>	<u>7.50</u>	<u>0.00</u>
Total	2,441.70	2,387.30	2,365.30	2,362.80	2,362.80	- 78.90

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of \$675,200 GPR, -2.0 FED positions and -44.90 PR positions annually, and \$1,798,100 FED and \$840,200 PR in 2001-02, and \$1,612,900 FED and \$741,000 PR in 2002-03 as standard budget adjustments.

Adjustments are for: (a) turnover reduction (-\$354,300 GPR, -\$1,528,300 FED and -\$828,000 PR annually); (b) removal of noncontinuing funding and positions (-\$159,700 FED and -2.00 FED positions and -\$122,700 PR and -44.90 PR positions annually); (c) full funding of continuing

Funding Positions		
GPR	\$1,350,400	0.00
FED	3,411,000	- 2.00
PR	<u>1,581,200</u>	<u>- 44.90</u>
Total	\$6,342,600	- 46.90

salaries and fringe benefits (\$487,200 GPR annually, and \$3,240,100 FED and \$1,435,100 PR in 2001-02, and \$3,054,900 FED and \$1,335,900 PR in 2002-03); (d) continued funding of a s. 13.10 approval for vocational rehabilitation case service aids and related expenses (\$500,000 GPR annually); (e) BadgerNet increases (\$24,300 GPR and \$174,100 FED annually); (f) overtime (\$224,500 PR annually); (g) night and weekend differential (\$95,500 PR annually); (h) fifth week vacation as cash (\$18,000 GPR, \$71,900 FED and \$35,800 PR annually); and (i) minor transfers within the same alpha appropriation. In total, changes due to standard budget adjustments would increase funding by \$3,313,500 in 2001-02 and \$3,029,100 in 2002-03. Total position authority would be decreased by 46.90 positions annually.

2. BASE BUDGET REDUCTION [LFB Paper 245]

GPR	- \$1,005,200
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Governor: Reduce the agency's largest GPR state operations appropriation by \$502,600 each year. The total reduction was derived by making a reduction of 5% to all of the Department's GPR state operations appropriations, excluding the Division of Vocational Rehabilitation (DVR) and the former Division of Economic Support. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. FEDERAL REVENUE REESTIMATES

FED	\$73,053,700
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Governor/Legislature: Increase funding by \$41,796,000 in 2001-02 and \$31,257,700 in 2002-03 to reflect reestimates of federal revenue that will be available for programs administered by the Department. The following table summarizes the components of the reestimate.

Source and Use of Federal Revenue	Reestimate	
	2001-02	2002-03
Federal funding for administrative costs related to unemployment insurance, employment services, labor market information, disabled veterans outreach, local veterans employment representatives and other programs.	\$10,600,000	\$0
Federal funding for state child support enforcement.	8,995,900	8,995,900
Federal funding for state administration of the food stamp program.	5,258,300	5,258,300
Federal funding for county administration of the food stamp program.	5,087,400	5,087,400
Workforce Investment Act (WIA) funding for payments for individual incentives, training-related expenses and other support costs.	3,999,600	3,999,600
Federal funding for county administration of child support.	3,202,500	3,202,500
WIA funding for program administration.	2,185,800	2,247,500
Federal funding for refugee assistance programs.	1,700,000	1,700,000
Federal funds for specific limited-term projects expended as aids to individuals or organizations for vocational rehabilitation services.	\$518,600	\$518,600
WIA funding for local employment and training programs.	343,900	343,900
Federal funds for state administration of specific limited-term projects for vocational rehabilitation services.	-327,400	-327,400
Funds received through federal contracts supporting activity in the Divisions of Equal Rights, Unemployment Insurance, Workforce Solutions and Worker's Compensation. Includes funding for certain school-to-work programs of the Governor's Work-Based Learning Board, sharing wage and benefit information, research and veterans apprenticeships.	161,400	161,400
Federal funding for various economic support programs.	<u>70,000</u>	<u>70,000</u>
TOTAL	\$41,796,000	\$31,257,700

4. PROGRAM REVENUE REESTIMATES

PR	- \$7,277,400
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Governor/Legislature: Decrease funding by \$3,638,700 annually to reflect reestimates of the program revenue that will be available for programs administered by the Department. The following table summarizes the components of the reestimate.

Source and Use of Program Revenue	Reestimate	
	2001-02	2002-03
Funds received from the Department of Health and Family Services (DHFS) as reimbursement for medical support liability collections.	-\$8,889,400	-\$8,889,400
Funds from contracts or financial agreements with other state agencies or between DWD divisions for administrative services.	4,173,400	4,173,400
Funds received from DHFS for the medical assistance portion of a contract related to maintenance of the client assistance for reemployment and economic support (CARES) computer system.	1,047,500	1,047,500
Revenues received from other state agencies or from Department programs for administration of vocational rehabilitation programs and projects.	-145,800	-145,800
Revenue received from other state agencies or from Department programs for vocational rehabilitation aids to individuals and organizations.	\$145,800	\$145,800
Revenue from charges on the net proceeds from the operation of vending machines leased by non-blind operators. Revenue is used to support the supervised business enterprise program.	30,000	30,000
Gifts, grants and bequests to DWD.	-100	-100
Gifts, grants and bequests to the Division of Vocational Rehabilitation.	-100	-100
TOTAL	- \$3,638,700	- \$3,638,700

5. POSITION TRANSFER TO ADMINISTRATIVE SERVICES

Governor/Legislature: Provide \$65,100 FED and 0.25 FED position, \$160,500 PR and 1.0 PR position and delete 0.5 GPR position annually to reflect the transfer of positions from Department programs to the Division of Administrative Services. The transfer is intended to address program needs. The source of funding for the increased expenditure authority would be service fees charged to Department programs for services provided.

Funding Positions		
GPR	\$0	- 0.50
FED	130,200	0.25
PR	321,000	1.00
Total	\$451,200	0.75

6. ADMINISTRATIVE SERVICES POSITION REDUCTION

Positions	
PR	- 9.25

Governor/Legislature: Eliminate 9.25 positions from the Division of Administrative Services annually to reflect the recommendations included in an October, 2000, approval of a DWD request under s. 16.515/16.505 of the statutes. In its request, DWD asked for 19.0 PR permanent positions to provide job training services to workforce development boards under the federal Workforce Investment Act and 11.0 PR positions to provide job training services under the state workforce attachment and advancement program. The request was modified to approve 13.0 PR permanent positions and 10.0 PR project positions, respectively. In addition, DWD was directed to freeze 9.25 positions in the Division of Administrative Services that had been vacant for one year or more, to be deleted through the 2001-03 budget process. This provision reflects that recommendation.

7. TRANSFER OF ELECTRICIAN POSITION TO DOA [LFB Paper 126]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$0	0.00	-\$159,000	- 1.00	-\$159,000	- 1.00

Governor: Include nonstatutory language to require the transfer, from DWD to DOA, of 1.0 PR position and the incumbent employee having responsibility for small projects requiring the services of an electrician. The employee that would be transferred from DWD to DOA would have the same rights and status as he or she had at DWD, and would not have to serve a probationary period. [It should be noted that the bill would not decrease the position authority or related funding under DWD to reflect the transfer. A technical adjustment would be needed to reduce the position authority and funding in DWD.]

Joint Finance/Legislature: Include provision and adjust the appropriations schedule to reflect the transfer.

[Act 16 Section: 9158(2)]

8. DIVISION OF VOCATIONAL REHABILITATION -- POSITION TRANSFER TO DOA [LFB Paper 127]

Governor: Include nonstatutory language to require the transfer, from DVR to DOA, of 1.0 PR position and the incumbent employee having responsibility for the rehabilitation of injured state employees. The employee that would be transferred from DVR to DOA would have the same rights and status as he or she had at DVR, and would not have to serve a probationary period. [It should be noted that the bill would not decrease the position authority or related funding under DVR to reflect the transfer. A technical adjustment would be needed to reduce the position authority and funding in DVR.]

Joint Finance/Legislature: Delete provision.

9. ELIMINATE THE DIVISION OF WORKFORCE EXCELLENCE

Governor/Legislature: Eliminate authority for a specific Division of Workforce Excellence (DWE) in DWD. In addition, authorize the Governor to designate a division administrator in DWD as a member of the Governor's Work-Based Learning Board to replace the division administrator of DWE. This action reflects the consolidation of the Divisions of Workforce Excellence and Economic Support into the Division of Workforce Solutions in February, 2001.

[Act 16 Sections: 177 and 179]

Employment, Training and Vocational Rehabilitation Programs

1. CREATE DIVISION OF COMMUNITY SERVICE PROGRAMS [LFB Paper 1025]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$97,000	0.50	- \$97,000	- 0.50	\$0	0.00
FED	7,475,100	3.00	- 7,475,100	- 3.00	0	0.00
PR	<u>621,400</u>	<u>2.50</u>	<u>- 621,400</u>	<u>- 2.50</u>	<u>0</u>	<u>0.00</u>
Total	\$8,193,500	6.00	- \$8,193,500	- 6.00	\$0	0.00

Governor: Provide \$48,500 GPR, 0.50 GPR position, 3.00 FED positions, and 2.50 PR positions annually, and \$3,736,700 FED and \$308,100 PR in 2001-02, and \$3,738,400 FED and \$313,300 PR in 2002-03 to create the Division of Community Service Programs in DWD. The Division would consist of: (a) the Wisconsin Conservation Corps (WCC); (b) the National and Community Service Board; (c) the Alliance for Wisconsin Youth; and (d) the Wisconsin Service Corps. The Division would also be required to work with Operation Fresh Start in Dane County.

National and Community Service Board. The state National and Community Service Board would be transferred from DOA to DWD and attached for administrative purposes. The Secretary of Workforce Development would replace the Secretary of Administration on the Board. The new Division of Community Service Programs would be provided \$41,800 PR, 1.0 PR position, \$3,736,700 FED and 4.0 FED positions in 2001-02, and \$47,000 PR, 1.0 PR position, \$3,738,400 FED and 4.0 FED positions in 2002-03 to staff and administer the Board and its programs. Of the total funding, \$3,694,900 FED and 3.0 FED positions in 2001-02 and \$3,691,100

FED and 3.0 FED positions in 2002-03 would be transferred from DOA. Another \$41,800 PR and 1.0 PR position in 2001-02 and \$47,000 PR and 1.0 PR position in 2002-03 would be transferred from DHFS. Finally, \$41,800 FED and 1.0 FED position in 2001-02 and \$47,300 FED and 1.0 FED position in 2002-03 in new funding and position authority would be provided.

The bill includes transitional provisions that would specify that assets and liabilities, 3.0 incumbent employees, tangible personal property, including records, and contracts primarily related to the functions of the National and Community Service Board, as determined by the Secretary of Administration, would be transferred from DOA to DWD on the bill's general effective date. All employees transferred from DOA to DWD would have the same rights and status that they had in DOA, and would not have to serve a probationary period.

The state National and Community Services Board includes 16 members appointed to serve three-year terms. The duties of the Board include: (a) developing and updating a three-year plan for the provision of national service programs in the state; (b) preparing applications for financial assistance from the federal Corporation for National Service; (c) providing technical assistance to persons applying for financial assistance who plan to implement a national service program; (d) assisting in providing health and child care for participants; (e) providing a system of recruitment and placement of participants in programs and sharing information concerning service programs to the public; (f) on request, providing training and materials to programs; (g) distributing funds made available by the Corporation, giving priority to persons providing youth programs; and (h) providing oversight and evaluation to the programs funded.

The Board receives federal funding for staff, administration and for two service programs: AmeriCorps and Learn and Serve America Community-Based Program. The AmeriCorps program provides education awards to individuals in exchange for a year of community service. Community service can include tutoring and mentoring children, coordinating after-school programs, building homes, organizing neighborhood watch groups, cleaning parks, and other community improvement activities. The Learn and Serve America Community-Based program provides grants to schools, colleges, and community organizations for service-learning that assist youth in performing community service activities, while improving academic skills and learning the habits of good citizenship.

Alliance for Wisconsin Youth. The Alliance for Wisconsin Youth would be transferred from DHFS to the new division in DWD. The Division would be provided \$48,500 GPR, 0.50 GPR position, \$266,300 PR and 1.50 PR positions annually to administer the program.

The Alliance is a youth anti-drug program that: (a) develops local organizations that coordinate substance abuse program resources; (b) promotes collaboration of state agencies and programs to assist local prevention efforts; and (c) provides public education on substance abuse issues. The source of program revenue funding is drug abuse program improvement surcharge (DAPIS) funds.

Wisconsin Service Corps Program. The new Division of Community Service Programs would be given authority to administer the Wisconsin Service Corps program. The current GPR appropriation for service corps member compensation and project costs not paid by sponsors would be eliminated and \$94,300 GPR in annual funding would be transferred to the Division and placed in the general enrollee operations GPR appropriation for the WCC. Statutory provisions would be modified to allow the appropriation to be a source of funding for Wisconsin Service Corps general program operations. Similarly, the current Service Corps appropriations for sponsor contributions and service funds would be eliminated and authority for Service Corps program revenue and expenditures would be consolidated in WCC appropriations used for the same purpose. The definition of public assistance under the program would be modified to include eligibility for low-income weatherization assistance.

The Wisconsin Service Corps program was established to: (a) provide employment for young adults; (b) encourage and develop work skills, meaningful work experiences, and training and educational opportunities for corps members; and (c) address the social, health and economic needs of a community that is located in a county with a population of 500,000 or more (Milwaukee County). Corps members are required to work on projects developed, in cooperation with DWD, by state agencies, local units of government or private organizations that operate in Milwaukee County. In order to qualify as an approved project, a project must provide employment opportunities to corps members, consist of community service activities, and be located in Milwaukee County. To be eligible for participating in the Corps, individuals must be unemployed and between the ages of 18 and 26. DWD is directed to attempt to hire at least 50% of corps members from persons who are receiving public assistance or have received it within a year of application for employment. The funding is provided for DWD Service Corps member wages and, in certain cases, other project costs. Currently, there are no Service Corps projects.

Wisconsin Conservation Corps. The Division of Community Services Programs would be required to administer the WCC program. The WCC Board would be transferred to the new division and changed to the WCC Council and the Executive Director position would be eliminated. WCC staff and funding would also be transferred to the Division. The Division would assume all authority and responsibility currently held by the Board. As a result, the Division would be responsible for: (a) developing WCC program guidelines and policy; (b) employing administrative staff; (c) developing guidelines and administering the project approval process; (d) establishing guidelines for project selection; (e) preparing project cost estimates and work plans; (f) administering project and administrative funding; (g) developing administrative guidelines; (h) preparing and signing project responsibility agreements; (i) establishing qualifications, standards and requirements and classifying, selecting and hiring, supervising, employing, training, educating, equipping, promoting, disciplining, terminating, and compensating (including benefits, bonuses and vouchers) corps members, crew leaders, assistant crew leaders and regional crew leaders; (j) developing an affirmative action plan; (k) establishing residential facilities for corps members; and (l) preparing reports and evaluations.

The WCC Council would be required to advise the Division in: (a) developing WCC program guidelines; (b) establishing guidelines for project approval; (c) developing administrative guidelines; (d) establishing minimum levels of qualifications for assistant crew leaders, crew leaders and regional crew leaders; (e) establishing selection standards for corps members; (f) adopting an affirmative action plan; (g) developing procedures for hiring corps members; and (h) establishing standards for evaluating performance, determining promotions and terminating corps members. The bill would also require the WCC Council to include a member or employee of a local workforce development board (WDB). Under current law, the WCC Board must include a member (but not an employee) of a WDB.

The unclassified position for the WCC Board Executive Director would be used for the division administrator. Another unclassified position in the former Division of Workforce Excellence would be deleted to reflect the elimination of the Executive Director position. (The Division of Workforce Excellence and the Division of Economic Support have been consolidated into the new Division of Workforce Solutions.)

The appropriations schedule for the WCC would be modified to provide funding for the new Division. The GPR administrative support appropriation would be modified into a GPR general program operations appropriation that would fund community service and volunteerism programs administered by DWD. As noted, WCC GPR general enrollee operations, and program revenue sponsor contribution, and service funds appropriations would be modified to provide funding for the WCC and Wisconsin Service Corps programs. The WCC gifts appropriation would be modified to provide support to the entire division. The program revenue administrative support appropriation would be changed to provide funding for Division interagency and intra-agency programs. The FED general enrollee operations appropriation would be changed to a federal aids appropriation to provide moneys received from the federal government for WCC, Department community service and volunteerism projects, and for National and Community Service Board programs. Finally, the WCC federal administrative support appropriation would be changed to a federal general programs operations appropriation for the WCC, community service and volunteerism programs administered by DWD and the National and Community Service Board program.

The bill specifies that the incumbent employees in classified positions as determined by the Secretary of Administration, contracts, administrative rules, orders and pending matters of the WCC Board would be transferred to DWD on the bill's general effective date. All employees transferred from the WCC Board to DWD would have the same rights and status as they had at the Board, and would not have to serve a probationary period. In addition, all members of the WCC Board would become members of the WCC Council, unless the Governor appointed a replacement, and would serve for the same term as they were appointed to on the WCC Board.

The WCC was created in 1983 to provide employment to young men and women 18 to 25 years of age through the completion of conservation and natural resource projects. In addition, a major goal of the WCC is to teach young adults basic work habits and job skills, to develop cooperation and discipline through meaningful work experiences, and to provide training and

educational opportunities, all of which will improve their chances of securing employment in the private sector. WCC has approximately 50 crews conducting projects throughout the state, in both rural and urban areas. Each crew typically consists of four to six corps members and a crew leader.

Projects for WCC crews are developed in association with sponsors, such as governmental agencies, nonprofit organizations and school districts, and are typically designed to last for one year. Corps members are hired for the duration of a project. In some cases, projects can be renewed and corps members rehired. Sponsors are responsible for providing transportation for the crew from a designated reporting location to the worksite, for tools, materials and equipment to complete project activities, for some technical assistance and for support services for the crew leader.

WCC crews perform a variety of conservation and community development projects, including timber stand improvement, trail development, planting trees, soil erosion control, construction of recreational facilities, weatherizing buildings and providing various human services. The sources of funding for WCC crews include GPR, PR and SEG appropriations. The sources of SEG funding for crew activities are the forestry and water resources accounts of the conservation fund and the environmental fund.

WCC pays wages, statutorily set at the higher of the state or federal minimum wage (currently \$5.15 per hour), and workers compensation, and provides personal safety equipment for the crew members. The WCC also hires and trains a crew leader who is responsible for discipline and paperwork for all the crew members.

Operation Fresh Start. DWD would be required to work with a nonprofit corporation that provides education, employment skills, and career direction leading to economic self-sufficiency to young persons in Dane County (Operation Fresh Start) who are at risk of not achieving economic self-sufficiency to develop a plan to accomplish all of the following: (a) track the educational attainment of persons enrolled in the WCC program; (b) consolidate the functions of the WCC program; (c) add educational and training components to the WCC program; (d) provide a method for determining the location and number of crews working on WCC projects; and (e) improve the retention of persons enrolled in the WCC program.

The Madison-based Operation Fresh Start program is aimed at increasing the self-esteem and self-sufficiency of young people (ages 16 to 24) who exhibit: alcohol and other drug abuse problems; poor health and nutrition; low educational achievement; poor employment history; physical, sexual and emotional abuse; or criminal histories. The program offers an educational component in which participants work toward a high school diploma or equivalent, a vocational component in which participants learn basic home construction, rehabilitation and remodeling skills, and a support services component in which participants are provided with other services they need to lead to self-sufficiency.

Under these provisions, total funding for the Division of Community Service Programs would be \$9,668,100 (\$1,726,500 GPR, \$3,736,700 FED, \$800,700 PR and \$3,404,200 SEG) in 2001-

02 and \$9,204,400 (\$1,607,600 GPR, \$3,738,400 FED, \$805,900 PR and \$3,052,500 SEG) in 2002-03. The Division would be provided 18.0 positions in each year (3.0 GPR, 4.0 FED, 3.5 PR and 7.5 SEG).

Joint Finance/Legislature: Delete provisions except for the requirement that the WCC Board must include a member or employee of a local Workforce Development Board.

[Act 16 Section: 178d]

**2. DIVISION OF VOCATIONAL REHABILITATION --
INCREASED FUNDING FOR CASE SERVICES [LFB Paper
1033]**

GPR	\$2,000,000
FED	3,600,000
PR	<u>- 800,000</u>
Total	\$4,800,000

Governor/Legislature: Provide \$1,000,000 GPR annually for vocational rehabilitation case services funding for the Division of Vocational Rehabilitation. Expenditure authority for federal Title I-B funds would be increased by \$1,800,000 annually to reflect anticipated increases in funding. In addition, expenditure authority for the Division's contract service aids appropriation would be reduced by \$400,000 PR annually to reflect decreased reliance on third-party/cooperative agreements for providing a state match for federal funding for rehabilitation services.

Under current law, DVR is required to advise and assist any disabled individual who applies to DVR for vocational rehabilitation services. Disabled individuals apply for services and staff counselors arrange evaluations to determine eligibility and subsequent rehabilitation services for those deemed eligible.

The primary source of funds for DVR rehabilitation services is federal Title I-B funds. Each year the federal government allocates a certain amount of funds to each state. A match of 21.3% of state funds to 78.7% federal funds is required to receive federal monies. State matching funds are provided through DVR program revenue, GPR appropriations and third-party/cooperative agreements.

**3. DIVISION OF VOCATIONAL REHABILITATION -- FUNDING TRANSFER FOR
INDEPENDENT LIVING**

Governor/Legislature: Modify a current law provision to specify that the maximum amount of federal funds annually transferred by DVR to the Department of Health and Family Services to support independent living centers be increased from \$200,000 to \$300,000. Although the statutory amount transferred would be increased, it would reflect the past practice of actually transferring \$300,000 annually. The source of federal funding is Social Security Administration reimbursements to cover the costs of services provided for social security disability insurance (SSDI) or supplemental security income (SSI) clients who are

rehabilitated. DHFS uses the transferred funding to provide grants to independent living centers.

[Act 16 Section: 747]

4. WORK PERMIT AUTOMATED SYSTEM AND FEE INCREASE [LFB Paper 1026]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
PR	\$487,500	- \$97,500	- \$390,000	\$0

Governor: Provide expenditure authority of \$162,500 in 2001-02 and \$325,000 in 2002-03 to fund development and maintenance of an automated child work permit system and to maintain existing services in the Division of Equal Rights. The automated work permit system would be used to issue work permits and certificates of age on-line via the internet and to maintain a central file of edited and issued work permits and certificates. The program revenue would be from a \$2.50 increase in the child labor work permit or certificate of age fee, from \$5.00 to \$7.50. The additional revenue generated by the fee increase would be placed in a newly-created program revenue appropriation.

The \$7.50 fee would be established in the statutes, and the Department or a permit officer would be specifically authorized to collect work permit fees. Individuals who issued permits and certificates and were not on the Division's payroll could retain \$2.50 of each fee as compensation for services. The remaining \$5.00 would be forwarded to DWD with \$2.50 placed in the general fund and \$2.50 placed in the work permit system program revenue appropriation. Division personnel would be required to forward the fee to DWD, and the Department would credit \$2.50 of each fee in the program revenue appropriation and deposit the remaining \$5.00 in the general fund.

Under current law, a work permit or certificate of age is required before anyone under the age of 18 is allowed to work any job, with the exception of agricultural or domestic service work. Work permits and certificates are issued at many locations throughout the state, including high schools. The current fee for a permit or certificate is set by rule at \$5.00, of which \$2.50 is provided to the agency issuing the permit and \$2.50 is placed in the state general fund. DWD is authorized to allow retention of fees by individuals who are designated to issue permits and certificates and are not on the payroll of the Division of Equal Rights. However, the amount of fees that can be retained is not specified in the statutes.

Joint Finance: Delete authority to use fee revenues for general operations and reduce the work permit fee increase to \$2.00. (The work permit fee would be \$7.00.) Provide expenditure authority of \$130,000 in 2001-02 and \$260,000 in 2002-03 for the automated work permit system. These amounts are lower than the Governor's recommendation by \$32,500 in the first year and

\$65,000 in the second year. The program revenue appropriation for fee revenues would be changed from a continuing appropriation to an annual appropriation.

Assembly/Legislature: Delete provisions.

**5. WORKER'S COMPENSATION INFORMATION TECHNOLOGY
FUNDING INCREASE**

PR	\$424,800
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Governor/Legislature: Provide \$212,400 annually to fund increased information technology costs for the Division of Worker's Compensation (WC). The increased costs would be for use of servers and associated software, storage of data and images, and related maintenance costs. In addition, the increased funding would be for costs related to expanding the Division's capacity to allow outside users, such as insurance companies, access to WC systems.

6. WORKER'S COMPENSATION HEARING DELAYS

PR	\$199,200
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Governor/Legislature: Provide expenditure authority of \$85,400 in 2001-02 and \$113,800 in 2002-03 to allow the Department to convert two current program assistant positions to two administrative law judge positions to reduce the time a worker's compensation claimant must wait to receive a hearing. Since 1992, hearing delays have ranged from eight to 12 months. The additional funding for position conversions is intended to reduce the delay period to six months or less.

**7. RESTORE TURNOVER ADJUSTMENT FOR WORKER'S
COMPENSATION ADMINISTRATIVE LAW JUDGES**

PR	\$117,800
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Governor/Legislature: Provide \$58,900 annually to restore part of the amount removed from funding for the Division of Worker's Compensation for the turnover standard budget adjustment. Under the turnover standard budget adjustment, the Division of Worker's Compensation's expenditure authority for salaries was reduced to reflect expected savings from staff turnover. The Department indicates that a high proportionate share of permanent salary funding is used for administrative law judges who have relatively little turnover, while a majority of the other staff have a relatively small share of permanent salary funding and experience a high turnover rate. As a result, the reduction in permanent salary funding due to the turnover standard budget adjustment causes the Division to maintain a relatively high vacancy rate for those other positions. This provision would restore a portion of funding removed for turnover of administrative law judge positions to reflect the high share of total salary funding and low level of turnover for those positions.

8. LABOR AND INDUSTRY REVIEW COMMISSION -- SUPPLIES AND SERVICES FUNDING [LFB Paper 1027]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$67,300	\$28,900	\$96,200
FED	<u>195,100</u>	<u>295,500</u>	<u>490,600</u>
Total	\$262,400	\$324,400	\$586,800

Governor: Provide expenditure authority of \$32,400 PR and \$92,400 FED in 2001-02 and \$34,900 PR and \$102,700 FED in 2002-03 in supplies and services funding for basic expenditures by the Labor and Industry Review Commission (LIRC). The source of program revenue funding would be the annual Worker's Compensation administrative assessment on insurance carriers and self-insured employers. The source of federal funding would be annual federal equal opportunity employment commission contract and unemployment insurance administration funds.

LIRC is a three-member body, attached to DWD for administrative purposes, that decides appeals of DWD decisions in disputed equal rights, worker's compensation and unemployment compensation cases.

Joint Finance/Legislature: Provide additional expenditure authority of \$14,400 PR and \$145,800 FED in 2001-02 and \$14,500 PR and \$149,700 FED in 2002-03 to increase supplies and services funding for LIRC.

9. UNEMPLOYMENT INSURANCE TAX AND WAGE REPORTING SYSTEM REDESIGN [LFB Paper 1028]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	13.00	- 13.00	0.00

Governor: Provide 13.0 two-year project positions beginning in 2001-02 to provide backup for Unemployment Insurance (UI) Division staff and resources that are engaged in the UI tax and wage reporting system redesign. The additional positions would be funded with reallocated federal funds. Project position activities would include customer services, audits, report gathering and processing, collection support, tax and wage balancing, research and staff scheduling. The positions would be used to supplement the development and implementation of a new UI tax and wage reporting system that was authorized under 1997 Wisconsin Act 39.

Joint Finance/Legislature: Delete provision. Instead, direct DWD to consult with the Department of Revenue to ensure that duplication of effort is avoided in redesigning the UI tax and accounting system and DOR's integrated tax system. DWD and DOR would be directed to

report to the Joint Committee on Finance by December 1, 2001, on the agencies' plans to avoid duplication of effort in developing the two systems.

10. FOND DU LAC ROOF REPLACEMENT

FED	\$40,000
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Governor/Legislature: Provide \$40,000 in 2001-02 to repair the roof on the Department's Fond du Lac employment security building.

11. WISCONSIN CONSERVATION CORPS -- FUNDING FOR CREWS [LFB Paper 1029]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$616,700	0.00	-\$333,200	0.00	-\$2,715,300	-2.50	-\$3,665,200	-2.50
SEG	<u>-794,900</u>	<u>0.00</u>	<u>-419,700</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>-1,214,600</u>	<u>0.00</u>
Total	-\$1,411,600	0.00	-\$752,900	0.00	-\$2,715,300	-2.50	-\$4,879,800	-2.50

Governor: Decrease funding for general enrollee operations by \$248,900 GPR and \$221,600 SEG in 2001-02 and \$367,800 GPR and \$573,300 SEG in 2002-03 to reduce the number Wisconsin Conservation Corps crews from 55 to 45. The SEG funding is from the conservation fund.

Joint Finance: Delete an additional \$149,400 GPR and \$133,000 SEG in 2001-02 and \$183,800 GPR and \$286,700 SEG in 2002-03 to reduce the number of WCC crews to 40. In total, funding for WCC crews would be reduced by \$398,300 GPR and \$354,600 SEG in 2001-02 and \$551,600 GPR and \$860,000 SEG in 2002-03.

Assembly/Legislature: Delete \$1,434,300 GPR in 2001-02 and \$1,281,000 GPR in 2002-03 and 2.50 GPR positions annually to eliminate GPR funding for general work crew operations and administrative support. This would reduce the number of work crews to 29 in 2002-03. Funding of \$2,783,700 SEG and \$446,300 PR in 2001-02 and \$2,278,300 SEG and \$446,300 PR in 2002-03 would remain for general work crew operations.

[Act 16 Sections: 749d thru 751d, 2585t and 9158(4d)]

12. WISCONSIN CONSERVATION CORPS -- EDUCATION VOUCHERS [LFB Paper 1030]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Lapse	\$0	-\$15,000	-\$15,000

Governor: Increase the period for which an education voucher can be used from three to four years from the date it is issued.

WCC members who successfully complete six months to one year of service are eligible to receive either a cash bonus of \$500 or an education voucher that is worth at least \$1,000, but not more than \$2,800. The education voucher can be used for payment of tuition and required program activity fees at any institution of higher education in the state, including vocational, technical or training schools. Under current law, the corps member has three years after the date of issuance to use the voucher for payment of tuition and required fees, regardless of the school attended.

Joint Finance/Legislature: Adopt the provisions and reduce the estimated 2002-03 lapse from the general enrollee operations GPR appropriation by \$15,000.

[Act 16 Section: 2599]

13. WISCONSIN CONSERVATION CORPS -- CREW LEADER HEALTH CARE COVERAGE [LFB Paper 1030]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Lapse	\$0	- \$180,000	- \$180,000

Governor: Reduce from two years to six months the period of time an individual must be a crew leader or regional crew leader to be eligible for health care. Under current law, the WCC Board is authorized to provide group health care coverage to: (a) individuals who have been crew leaders or regional crew leaders for at least two years; and (b) crew leaders or regional crew leaders who discharge special responsibilities as determined by the Board.

Joint Finance/Legislature: Adopt the provisions and reduce the estimated 2002-03 lapse from the general enrollee operations GPR appropriation by \$180,000.

[Act 16 Section: 2593]

14. WISCONSIN CONSERVATION CORPS -- CONSOLIDATION OF APPROPRIATIONS

GPR	\$153,400
SEG	- <u>153,400</u>
Total	\$0

Governor: Eliminate the WCC general enrollee operations supplement GPR appropriation and transfer \$281,100 GPR annually to the WCC general enrollee operations GPR appropriation to consolidate GPR funding into a single operations appropriation. In addition, the general enrollee operations SEG appropriation, which funds WCC projects under shoreline management agreements, would be eliminated and \$76,700 in annual SEG funding would be deleted. However, additional annual funding of \$76,700 GPR would be provided to the general

enrollee operations appropriation. The current source of funding for the SEG appropriation is the nonpoint account of the environmental fund. Other provisions in the bill would eliminate the nonpoint account in the environmental fund and convert nonpoint account funding to GPR.

Assembly/Legislature: Eliminate all GPR funding for the WCC [see entry #11].

[Act 16 Sections: 750 and 759]

15. GOVERNOR'S WORK-BASED LEARNING BOARD -- YOUTH APPRENTICESHIP TRAINING GRANTS [LFB Paper 1031]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	- \$1,694,000	- \$1,694,000

Governor: Require the Governor's Work-Based Learning Board (GWBLB) to establish eligibility criteria for youth apprenticeship training grants that would limit the grants to small employers and to employers that provide on-the-job training in employment areas. The Board would determine the definitions of "small employer" and "on-the-job training in employment areas", but would not have to promulgate administrative rules to establish the criteria.

Under current law, the GWBLB has authority to award grants to employers for each youth apprentice that receives at least 180 hours of paid on-the-job training from the employer during the school year. The GWBLB may award a training grant to an employer that provides less than 180 hours of paid on-the-job training if the Board determines that it would be beneficial for the youth apprentice to receive training from more than one employer. The maximum training grant is \$500 per year and a grant cannot be awarded for a specific youth apprentice for more than two school years. Under current law, no base level funding is provided for the youth apprenticeship training grant program.

Joint Finance: Include provision. In addition, annual funding of \$847,000 GPR would be deleted from local youth apprenticeship grants and local partnerships could not use grant monies to provide funding to businesses or business organizations. Also, the Governor's Work-Based Learning Board would be required to make a one-time local youth apprenticeship training grant of \$64,100 to \$128,300 in 2001-02 to Wisconsin Plastics Valley consortium to implement and coordinate a local youth apprenticeship program.

Senate/Legislature: Delete the provision that would require the Governor's Work-Based Learning Board to make a local youth apprenticeship grant of between \$64,100 and \$128,300 in 2001-02 to Wisconsin Plastics Valley consortium to implement and coordinate a local youth apprenticeship program.

[Act 16 Sections: 2562m thru 2569]

16. GOVERNOR'S WORK-BASED LEARNING BOARD -- CAREER COUNSELING CENTERS [LFB Paper 1032]

Governor: Provide that the Governor's Work-Based Learning Board would be responsible for planning, coordinating, administering and implementing the career counseling center program.

The career counseling center program was created in 1993 Act 16 to provide grants to nonprofit corporations and public agencies to develop career counseling centers. State grants, including funds transferred from the unemployment insurance interest and penalty appropriation, were provided to career counseling centers from 1994-95 through 1998-99. The program was administered by DWD's Division of Connecting Education and Work. However, under the provisions of 1999 Wisconsin Act 9 (the 1999-01 biennial budget), state funding for the centers was eliminated and DWD was directed to consolidate the career counseling center functions with job centers. The career counseling center program is currently administered by the Division of Workforce Solutions, which is also responsible for job centers.

Career counseling centers provide pupils with access to comprehensive career education and job training information, including information regarding technical college programs. The centers also assist pupils in locating apprenticeship and other work experience opportunities related to the pupil's education. The centers are required to coordinate services with the counseling and guidance activities and school district education for employment programs.

Career counseling centers are operated by teams that include groups such as workforce development boards, WTCS districts, school districts, chambers of commerce, nonprofit organizations, business and labor. Center services include use of: (a) computerized databases of job opportunities, training agencies and career libraries; (b) career planning computer software; (c) career exploration videos, laser discs and video conferencing facilities; (d) Job Net and internet and self-service computer workstations to view job listings; (e) a 1-800 telephone information hotline; (f) access to the DWD internet career development system; and (g) seminars. Career counseling centers are places where employers and educators pool resources to assist young people in examining their skills and interests, learning about occupations and job opportunities in various career fields, exploring career options and planning careers.

Joint Finance/Legislature: Delete provision and, instead, eliminate all DWD responsibilities for administering career counseling centers.

[Act 16 Sections: 2570 and 2571d]

17. GOVERNOR'S WORK-BASED LEARNING BOARD APPROPRIATION STRUCTURE

PR	\$6,000
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Governor/Legislature: Create an auxiliary services program revenue appropriation for the Governor's Work-Based Learning Board and provide annual expenditure authority of

\$18,000 PR. Annual expenditure authority of \$15,000 SEG would be deleted from the Department's workforce development auxiliary services appropriation to reflect transfer of the expenditure authority to the GWBLB appropriation. The GWBLB would be authorized to provide publications and seminars related to the employment and education programs administered by the Board and could establish a schedule of fees for the publications and seminars. The fees could not exceed the costs incurred by the Board in providing the publications and seminars. Fee collections would be credited to the GWBLB auxiliary services appropriation. An additional \$3,000 in PR expenditure authority would be provided for the Board's auxiliary services appropriation for increased printing expenses related to curriculum distribution. The additional program revenues would come from fees charged by the Board.

The bill would also create a federal funds appropriation and provide annual expenditure authority of \$318,800 FED under the GWBLB. A corresponding \$318,800 of FED expenditure authority would be deleted from the Department's workforce development federal funds appropriation to reflect transfer of the expenditure authority to the GWBLB.

The GWBLB was created by 1999 Wisconsin Act 9 to administer and coordinate existing and new work-based learning programs for youth. The Board is attached to DWD for administrative purposes. The GWBLB has an appropriations structure that includes GPR and program revenue appropriations and related funding to support the Board's activities. However, the Board currently does not have appropriations for auxiliary services and federal funds.

[Act 16 Sections: 760, 762 and 2562]

18. TRADE MASTERS PROGRAM

PR	\$50,000
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Joint Finance/Legislature: Provide \$50,000 in tribal gaming revenues in 2001-02 to the Department of Workforce Development to fund a trade masters pilot program that would recognize advanced training and post-apprenticeship achievements in three trades, crafts or businesses one of which would be in the industrial sector, one in the construction sector and one in the service sector of the economy. A separate program revenue appropriation would be created for the tribal gaming revenues. DWD would be required to submit an evaluation of the effectiveness of the pilot program to the Legislature by July 1, 2010.

Veto by Governor [F-32]: Delete the requirement that DWD submit an evaluation of the program by 2010. In his veto message, the Governor indicated that the timeline was excessive and, instead, he would direct DWD to explain how the funds were spent at the conclusion of the fiscal year.

[Act 16 Sections: 736g, 891c and 2560r]

[Act 16 Vetoed Section: 2560r]

19. MIGRANT LABOR CAMPS

Joint Finance/Legislature: Modify current law regarding migrant labor camps to provide that the county board may not enact an ordinance or resolution that interferes with: (a) the repair or expansion of a certified migrant labor camp, as defined under current law; or (b) the construction of a new migrant labor camp on property adjacent to a food processing facility, as defined under current law, or on property owned by a vegetable producer, as defined under current law, when such camp is located on or contiguous to property on which vegetables are produced or adjacent to land upon which the producer resides. Also, a county board ordinance or resolution in place on the effective date of the bill and that interfered with any construction, repair, or expansion of a migrant labor camp would be void.

[Act 16 Sections: 2002u and 2002w]

20. PREVAILING WAGE RATE -- ANNUAL WAGE RATE SURVEY

Joint Finance: Allow the reporting of wages paid for public works projects on the annual wage rate survey used to determine prevailing wages when the wage rate paid on a public works project is more than the prevailing wage rates established for the project.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-53]: Delete provision.

[Act 16 Vetoed Sections: 2026p and 2558j]

21. PREVAILING WAGE RATE -- CONTRACTOR RECORDS

Joint Finance: Require all contractors and subcontractors that work on a project subject to the provisions of the state prevailing wage laws to maintain payroll records of covered employees and to allow the public to inspect these records, except for information that could be used to identify individual employees, under the state public records law.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-53]: Delete provision.

[Act 16 Vetoed Sections: 2026r, 2558m and 2559d]

22. CHILD LABOR LAW -- EMPLOYMENT IN AGRICULTURE

Joint Finance/Legislature: Establish the definition of "farming" under the state worker's compensation law as the definition for state law provisions related to the employment of minors. Under current law, minors must be at least 12 years old to be employed in agricultural pursuits. There are certain limits on the hours of work for minors except for minors employed in domestic service or farm labor. Currently, DWD does not have a specific definition of agriculture under child employment provisions. The Department has been using the definition of farming under the state worker's compensation program. This provision would establish the definition of farming used under the state worker's compensation law as the definition used under laws governing the employment of minors.

[Act 16 Sections: 2559g, 2559j and 2559m]

23. JOINT LEGISLATIVE COUNCIL SPECIAL COMMITTEE ON LABOR SHORTAGE DRAFT LEGISLATION

Senate: Adopt provisions developed by the Joint Legislative Council Special Committee on Labor Shortage with certain modifications:

a. *Labor Shortage Report.* Require the Department of Workforce Development to prepare an annual report on the labor shortage in Wisconsin that would identify critical labor shortage areas by occupation, region, gender and race and potential solutions for the labor shortage. The report would be submitted to the appropriate standing committees of the Legislature and to workforce development organizations throughout the state.

b. *Job Skills Training Program Report.* Require DWD to collect information concerning the availability of basic job skills training programs in the state and to periodically prepare reports identifying those programs for distribution to regional workforce development organizations, job centers and other appropriate organizations. To the extent practicable, the report would have to identify available training programs by region.

c. *Advanced Journeyworker Pilot Program.* Provide \$160,000 GPR and 1.0 GPR position beginning in 2002-03 to implement and administer an advanced journeyworker credential pilot program in DWD. Under the program, DWD would be authorized to establish an advanced journeyworker credential pilot program in up to three trades, crafts or businesses to recognize advanced training and post-apprenticeship achievements. DWD would be required to submit a report on the effectiveness of the program to the Legislature by July 1, 2004.

d. *Workforce Diversity Grant Program.* Provide \$120,000 GPR in 2002-03 to DWD to establish a workforce diversity grant program to provide grants to local nonprofit organizations that offer employees or those seeking employment diversity training, basic employment skills development, or instruction in English as a second language. The maximum grant would be \$30,000. To qualify for a grant, a local, nonprofit organization would have to meet one of the

following criteria: (1) be comprised of private sector employers and local government units or agencies and assisting local employers to meet their workforce needs; (2) assist ex-offenders, whether employed or not, to strengthen or develop employment skills and make or ease the transition from incarceration to work; (3) assist members of the following groups, whether employed or not, to prepare for or gain, entry into the skilled trades: (a) persons eligible for Wisconsin Works (W-2); (b) military veterans; (c) ex-offenders; (d) persons eligible for food stamps; and (e) members of a racial or ethnic minority groups.

DWD would be required to attempt to award grants to eligible organizations in different parts of the state. DWD would be required to submit a report, by September 1, 2002, to the Joint Committee on Finance, the Governor and appropriate standing committees of the Legislature. The report would include information on the uses the grant recipients made of the grants and a recommendation on whether the grant program should be funded in the next biennium and, if so, a recommendation of the appropriate level of funding and other changes to the program.

e. *Pre-Apprenticeship Basic Skills Training.* Provide DWD with \$300,000 GPR in 2002-03 to contract with an organization of employees, an association of employers or some other similar responsible agency in the state to provide pre-apprenticeship basic skills training grants of up to \$500 to persons: (1) whose family income did not exceed 165% of the poverty line for the continental U.S.; and (2) who had previously failed a test for placement in an apprenticeship program providing instruction in an industrial manufacturing trade, a private sector service operation, or certain construction trades. Grants could be used to pay for tuition, fees, books, supplies, and materials, and for any other direct training costs, required to attend a pre-apprenticeship basic skills training program provided by an organization, a technical college, or a school approved by the Educational Approval Board.

f. *Apprenticeship Marketing Program.* Create a four-member, apprenticeship marketing council appointed by the Secretary of DWD. In addition, DWD would be provided \$275,000 GPR and 2.0 GPR positions in 2002-03 to conduct activities, including the development and provision of promotional materials directed at encouraging employers to hire apprentices, educating high school career counselors on careers available in the skilled trades, encouraging the youth of the state to consider a career in the skilled trades, and otherwise promoting the availability and benefits of careers in the skilled trades. DWD would be required to seek contributions from private sources to assist in providing the promotional materials and to seek the advice of and consult with the apprenticeship marketing council in administering the marketing activities.

g. *Job Retention Skills Development Program.* Provide \$200,000 in federal temporary assistance for needy families (TANF) funds in 2001-02 for a job retention skills development program. Require each technical college district board to make available, and offer at a frequency based upon demand in the district, a job retention skills development program to assist employers to: (1) retain new employees; (2) build the job skill levels of those employees; and (3) assist those employees to attain higher wages and long-term careers. Specify that the program be provided at employment sites to the extent practicable. In addition, specify that the

program emphasize job retention skills development for employees with incomes at or below 200% of the federal poverty level, who are current or former recipients of public assistance, employees in the first six months of employment with their employer and entry-level employees.

Further, require the state technical college district board to consult with employers, technical college boards, W-2 agencies, local units of government and labor organizations in supervising and establishing minimum requirements for the program. In addition, specify that the program must include elements relating to the skills needed to: (1) arrive at work on time; (2) effectively work in a team; (3) communicate with supervisors and coworkers; and (4) solve basic job-related personal and interpersonal problems. Further, require the technical college district board, in consultation with employers, district boards and DWD, to develop standards to assess the job retention and skills competencies of participants before and after participation in the program. Specify that the program would sunset on December 31, 2004.

Require technical college district boards to assist employers in providing ongoing job retention skills development and reinforcement activities in the work place. Allow district boards to charge employers a fee for the program and services offered to employers.

Finally, require W-2 agencies to coordinate case management services that are provided to W-2 participants in unsubsidized employment with the job retention skills development program.

h. *Department of Corrections Study.* Require the Department of Corrections to prepare a report on the availability and effectiveness of programs that provide drug and alcohol abuse treatment, instruction in basic skills such as reading and math, and job skills training. The report would have to include an analysis of the enrollment in and access to these programs by race compared with the racial composition of the prison population as a whole and suggestions for programs that would help prisoners and ex-offenders to enter the workforce.

i. *Tax Study.* Require the Department of Revenue, in cooperation with DWD, to study and prepare a report on current workforce development-related tax incentives and to make recommendations on the state's tax laws that would help ensure that the state was able to attract, develop and retain a highly skilled, highly trained workforce. In preparing the report, DOR would be required to consult with groups representing employers, employees, taxpayers and other appropriate groups, and to consider similar tax incentives in other states.

j. *Student Loan Forgiveness Study.* Require the Higher Educational Aids Board (HEAB), by January 1, 2002, to study and report on the cost, desirability, and effectiveness of creating a student loan forgiveness program to attract workers to the state.

k. *Job Training Access Policies.* Require every public educational institution in the state to adopt a policy on providing access to their facilities to local organizations and businesses for the purposes of employment-related training and establish a reasonable cost for such access.

The policy could allow access based on the availability of space and the appropriateness of the training and only if access would be consistent with the institution's mission.

l. *Occupational Driver's License Fee.* Reduce the fee for an occupational license to \$10 for persons whose operating privileges were suspended solely for failure to pay a judgment based on an ordinance violation unrelated to the person's operation of a motor vehicle.

Assembly: Adopt the following provisions recommended by the Joint Legislative Council Special Committee on Labor Shortage with certain modifications:

a. *Labor Shortage Report.* Require DWD to prepare an annual report on the labor shortage in Wisconsin that would identify critical labor shortage areas by occupation, region, gender and race and potential solutions for the labor shortage. The report would be submitted to the appropriate standing committees of the Legislature and to workforce development organizations throughout the state.

b. *Job Skills Training Program Report.* Require DWD to collect information concerning the availability of basic job skills training programs in the state and to periodically prepare reports identifying those programs for distribution to regional workforce development organizations, job centers and other appropriate organizations. To the extent practicable, the report would have to identify available training programs by region.

c. *Apprenticeship Marketing Program.* Create a four-member, apprenticeship marketing council appointed by the Secretary of DWD. In addition, DWD would be required to conduct activities, including the development and provision of promotional materials directed at encouraging employers to hire apprentices, educating high school career counselors on careers available in the skilled trades, encouraging the youth of the state to consider a career in the skilled trades, and otherwise promoting the availability and benefits of careers in the skilled trades. DWD would be required to seek contributions from private sources to assist in providing the promotional materials and to seek the advice of, and consult with, the apprenticeship marketing council in administering the marketing activities. The Department would be directed to apply to the U.S. Department of Labor for \$275,000 annually in federal funds, and 2.0 FED positions would be authorized beginning in 2001-02 for administering the marketing activities. The positions could be filled only if additional federal funding was obtained.

d. *Job Retention Skills Development Program.* Provide \$200,000 in federal TANF funds in 2001-02 for a job retention skills development program. Require each technical college district board to make available, and offer at a frequency based upon demand in the district, a job retention skills development program to assist employers to: (1) retain new employees; (2) build the job skill levels of those employees; and (3) assist those employees to attain higher wages and long-term careers. The program would be provided at employment sites to the extent practicable. In addition, the program would be required to emphasize job retention skills development for employees with incomes at or below 200% of the federal poverty level who are

current or former recipients of public assistance, employees in the first six months of employment with their employer or entry-level employees.

The state technical college district board would be required to consult with employers, technical college boards, W-2 agencies, local units of government and labor organizations in supervising and establishing minimum requirements for the program. In addition, the program would have to include elements relating to the skills needed to: (1) arrive at work on time; (2) effectively work in a team; (3) communicate with supervisors and coworkers; and (4) solve basic job-related personal and interpersonal problems. Further, require the technical college district board, in consultation with employers, district boards and DWD, to develop standards to assess the job retention and skills competencies of participants before and after participation in the program. The program would sunset on December 31, 2004.

Technical college district boards would be required to assist employers in providing ongoing job retention skills development and reinforcement activities in the work place. District boards would be allowed to charge employers a fee for the program and services offered to employers.

Finally, W-2 agencies would be required to coordinate case management services that are provided to W-2 participants in unsubsidized employment with the job retention skills development program.

e. *Department of Corrections Study.* Require the Department of Corrections by March 15, 2002, to prepare a report on the availability and effectiveness of programs that provide drug and alcohol abuse treatment, instruction in basic skills such as reading and math, and job skills training. The report would have to include an analysis of the enrollment in and access to these programs by race compared with the racial composition of the prison population as a whole, recommendations for new programs that would better serve prisoners, and suggestions for programs that would help prisoners and ex-offenders to enter the workforce. The report would have to be submitted to the appropriate legislative standing committees, the Joint Committee on Finance and the Governor.

f. *Tax Study.* Require the Department of Revenue, in cooperation with DWD, by January 1, 2002, to study and prepare a report on current workforce development-related tax incentives and to make recommendations on the state's tax laws that would help ensure that the state was able to attract, develop and retain a highly skilled, highly trained workforce. In preparing the report, DOR would be required to consult with groups representing employers, employees, taxpayers and other appropriate groups, and to consider similar tax incentives in other states.

g. *Student Loan Forgiveness Study.* Require the Higher Educational Aids Board, by January 1, 2002, to study and report to the Legislature and Governor on the cost, desirability and effectiveness of creating a student loan forgiveness program to attract workers to the state and legislative recommendations.

h. *Job Training Access Policies.* Require every public educational institution in the state to adopt a policy on providing access to their facilities to local organizations and businesses for the purposes of employment-related training and to establish a reasonable cost for such access. The policy could allow access based on the availability of space and the appropriateness of the training and only if access would be consistent with the institution's mission.

i. *Apprenticeship Tax Credit.* Create, starting with tax years beginning on or after July 1, 2003, an income tax and franchise tax credit for an employer that pays wages to an apprentice who is participating in a two-year to five-year apprenticeship program in which the apprentice is receiving instruction leading to qualification as a skilled journeyman in any industrial manufacturing trade, any private sector service occupation, or certain construction trades. The amount of the credit would be 5% of the wages that are paid to an apprentice in a taxable year, but could not exceed \$1,400, except that, in the taxable year in which the apprentice completed the apprenticeship program, the amount of the credit would be 8% of the apprentice's wages, but not more than \$3,000. Unused credits could be carried forward up to 15 years to offset future tax liabilities. An employer would not receive the credit unless the employer entered into an agreement with DWD permitting the Department to post on its internet site the employer's name and address and the number of apprentices and journeymen that the employer employed during the year. Generally, no employer could claim the credit for taxable years beginning after June 30, 2006, if the number of employers training apprentices did not increase by more than 40% from July 1, 2004, to June 30, 2006. Because the tax credit would first apply to tax years beginning July 1, 2003, there would be no fiscal effect during the 2001-03 biennium. However, the Department of Revenue estimates that the credit would reduce tax revenues by \$16.6 million annually in future years.

Conference Committee/Legislature: Delete provisions.

24. GRANT TO MILWAUKEE METRO FAIR HOUSING COUNCIL -- PREDATORY LENDING PRACTICES

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$150,000	- \$150,000	\$0

Senate/Legislature: Provide \$150,000 in 2001-02 to DWD's Equal Rights Division to make a grant to the Milwaukee Metropolitan Fair Housing Council (MMFHC) to investigate predatory lending practices in making loans that are secured by a first lien real estate mortgage on, or an equivalent security interest in, a one-family to four-family dwelling that the borrower uses as his or her principal place of residence.

The MMFHC would be required to examine the practices of: (a) making loans based on the equity in a property rather than on the particular borrower's ability to repay the loan; (b) including credit insurance and other financial products as part of or in association with loans;

and (c) inducing borrowers to repeatedly refinance their loans. The MMFHC would be required to examine any other unfair, deceptive, false, misleading, or unconscionable practices within the scope of the investigation. MMFHC would be limited to investigating the practices of lenders in Brown, Dane, Fond du Lac, Milwaukee, Outagamie, Racine and Winnebago counties.

MMFHC would be required, by January 1, 2004, to submit a report evaluating the results of its investigation to the Secretary of DWD. By February 1, 2004, the Secretary of DWD would be required to forward copies of the report to the appropriate standing committees of the Legislature, the Secretary of Financial Institutions, and the Governor. The report would be required to include the number of predatory practices discovered during the investigation, and, for each loan for which a predatory practice was discovered, a description of the practice, the total amount of the loan, the cost to the borrower of the predatory practice, the income level, age, race, national origin, and gender of the borrower, and a description of the census block in which the real estate securing the loan was located.

Veto by Governor [C-54]: Delete provisions and the \$150,000 in 2001-02 funding by striking the appropriation amount and writing in a lower figure.

[Act 16 Vetoed Sections: 395 (as it relates to s. 20.445(1)(a)) and 9158(10c)]

25. GRANT TO MILWAUKEE METRO FAIR HOUSING COUNCIL -- DISCRIMINATORY HOUSING PRACTICES

Senate: Provide \$80,000 annually to DWD's Equal Rights Division to make a grant to the Milwaukee Metropolitan Fair Housing Council to investigate discriminatory housing practices. The MMFHC would be required to allocate \$20,000 each in each year for investigation of discriminatory practices to: (a) Milwaukee County; (b) Dane County; (c) Racine County; and (d) Brown, Fond du Lac, Outagamie and Winnebago Counties.

Conference Committee/Legislature: Delete provision.

26. INCREASE MINIMUM WAGE

Senate: Increase the state minimum wage and modify the state minimum wage law as follows:

a. For employees generally (employees who are not opportunity, tipped, or agricultural and employees for which DWD does not calculate a separate minimum wage) the minimum wage would be calculated by dividing the federal poverty line for a family of three persons (currently \$14,630) by 2,080 and rounding to the nearest multiple of five cents. As a result, the minimum wage for 2001 would be increased from \$5.15 to \$7.05 per hour. In addition, DWD would be required to annually revise the state minimum wage, within 30 days

after the federal Department of Health and Human Services published its annual revision of the poverty line.

b. The minimum wage for opportunity employees would be calculated by multiplying the general employee minimum wage by 92.9% and rounding the product to the nearest multiple of five cents. The minimum wage for opportunity employees for 2001 would increase from \$4.25 to \$6.55 per hour. An opportunity employee would be defined as a person under 20 years of age who has been employed for a cumulative total of 30 days or less within the preceding three-year period.

c. The minimum wage for tipped employees who were not opportunity employees would be calculated by multiplying the general employees' minimum wage by 54.8% and rounding the product to the nearest multiple of five cents. The minimum wage for these employees for 2001 would increase from \$2.33 to \$3.85 per hour. The minimum wage for tipped employees who were opportunity employees would be calculated by multiplying the general employees' minimum wage by 51.7% and rounding the product to the nearest multiple of five cents. The minimum wage for these employees for 2001 would increase from \$2.13 to \$3.65 per hour. A tipped employee would be defined as an employee who in the course of employment customarily and regularly receives money or other gratuities from persons other than the employee's employer. In addition to its current responsibility to promulgate rules determining the amount of tips or gratuities that may be used in fulfilling the employer's obligation to pay a living wage, DWD would be required to promulgate rules governing the deduction of meals or lodging provided and the determination of hours worked in determining a living wage.

d. The minimum wage for agricultural employees over 18 years of age or older would be calculated by multiplying the general employees' minimum wage by 95.3% and rounding the product to the nearest multiple of five cents. The minimum wage for these employees for 2001 would increase from \$4.05 per hour to \$6.70 per hour. The minimum wage for agricultural employees under 18 years of age would be calculated by multiplying the general employees' minimum wage by 87.0% and rounding the product to the nearest multiple of five cents. The minimum wage for these employees for 2001 would increase from \$3.70 to \$6.15.

e. DWD would be required to continue to promulgate rules providing a minimum wage for: (1) counselors employed at a seasonal recreational or educational camp for campers under 18 years of age; (2) caddies on a golf course; (3) certain employees or workers with disabilities; (4) student learners; and (5) students employed by independent colleges or universities for less than 20 hours per week.

f. DWD would be required to promulgate rules that exempted from minimum wage requirements: (1) persons engaged in casual employment in and around employers' homes on an irregular or intermittent basis for not more than 15 hours per week; (2) persons who reside with and provide companionship and care, not including practical or professional nursing, and not more than 15 hours per week of general household work for employers who, due to advanced age or physical or mental disability, cannot care for their own needs; and (3)

elementary or secondary school students performing student work-like activities in the students' schools.

g. The penalty for intimidating witnesses in minimum wage investigations or proceedings would be increased from \$25 to \$500.

These provisions would increase the wages paid to certain employees of state agencies. For example, wages paid to students in student employment jobs would be increased. As a result, the increased minimum wages would increase the costs of certain state agencies by an estimated \$1.3 million GPR, \$2.6 million PR, \$2.0 million FED and \$0.1 million SEG annually. Since no additional funding would be provided, the affected agencies would have to absorb the increased costs associated with an increased minimum wage and/or reduce the hours of work of affected employees.

Conference Committee/Legislature: Delete provision.

27. PREVAILING WAGE -- METAL BUILDING ERECTOR JOB CLASSIFICATION

Assembly: Modify the metal building erector prevailing wage job classification to include duties related to re-roofing and assembling components for use in constructing canopies, reroofs and mezzanines. Under current law, DWD determines the prevailing wage rates for state and local public works projects for an area by compiling the wages and benefits paid for a majority of hours worked in a trade or occupation on projects in the area. The Department uses the data to determine prevailing wage rates for over 200 job classifications.

Conference Committee/Legislature: Modify the metal building erector prevailing wage job classification to include duties related to re-roofing and repairing existing prefabricated packaged metal buildings and constructing prefabricated packaged metal additions to existing prefabricated packaged metal buildings.

Veto by Governor [C-53]: Delete provision.

[Act 16 Vetoes Sections: 2026nz, 2558i and 9458(3z)]

28. REPEAL SWIMMING POOL INSTALLER CLASSIFICATION FROM PREVAILING WAGE RATE JOB CLASSIFICATIONS

Senate/Legislature: Repeal the swimming pool installer job classification from the prevailing wage rate job classifications. Instead, other job classifications, such as laborer, would be used for projects that included construction of swimming pools. Under current law, DWD determines the prevailing wage rates for state and local public works projects for an area by compiling the wages and benefits paid for a majority of hours worked in a trade or occupation on projects in the area. The Department uses the data to determine prevailing wage rates for over 200 job classifications.

Veto by Governor [C-53]: Delete provision.

[Act 16 Vetoed Sections: 2026nz, 2558i and 9458(3z)]

29. WAGE CLAIM LIENS

Senate: Modify the state wage payment and collection law to delete the requirement that a lien of a financial institution that originates before a wage claim lien takes effect takes precedence over the wage claim lien. Instead, the wage claim lien would take precedence over all other debts, judgments, decrees, liens, or mortgages against an employer except a lien of the Department of Natural Resources for expenses incurred in cleaning up a hazardous substance discharge or other environmental pollution, but only to the extent that the wage claim lien does not exceed \$6,000 per employee. However, the \$6,000 per employee limit would not apply to a lien for a wage claim payment due under the state plant closing or cessation of health care benefits law. These provisions would first apply to liens for wages earned on the effective date of the bill.

Conference Committee/Legislature: Delete provision.

30. FAIR EMPLOYMENT LAWS -- CONVICTION RECORD

Assembly: Provide that it would not be employment discrimination to refuse to employ or terminate from employment an individual who has been convicted of a felony and who has not been pardoned for the felony, whether or not the circumstances of the felony substantially relate to the circumstances of the job. Under current law, the exception from discrimination applies to cases where the individual has committed a felony, has not been pardoned and the felony substantially relates to the job.

Conference Committee/Legislature: Delete provision.

31. DIVISION OF VOCATIONAL REHABILITATION REPORT

Senate: Require DWD's Division of Vocational Rehabilitation to issue a report, within nine months of the effective date of the bill, that would include information on the elimination of prior client waiting lists, the status of personnel, and the current and future capacity of DVR to handle client caseloads. The report would be submitted to all standing committees of the Legislature and the Joint Committee on Finance.

Under current law, DVR is required to submit a quarterly report to Joint Finance that includes projected revenues, expenses and caseload in DVR and an estimate of when vocational rehabilitation services can be provided to new participants. In addition, DVR is required to submit a quarterly report to Joint Finance on the development, implementation, and assessment of vocational rehabilitation policies and procedures that will better ensure that services are

consistently provided to clients on a statewide basis and that all vocational rehabilitation service funds are spent appropriately. DWD submitted the first quarterly reports to Joint Finance in March, 2001.

Conference Committee/Legislature: Delete provision.

Economic Support and Child Care

1. W-2 AND TANF RELATED REVENUES AND EXPENDITURES

Governor: Table 1 shows the Wisconsin Works (W-2) and temporary assistance for needy families (TANF) related revenue estimates and expenditures recommended by the Governor. These items are addressed in detail in the entries that follow according to the item number listed in the right-hand column of the table.

Revenues Available for W-2 and TANF Related Programs

As shown, the administration estimates total revenues for W-2 and TANF related programs at \$808,368,400 in 2001-02 and \$657,997,100 in 2002-03. Compared to base year funding, these numbers represent a decrease in ongoing revenue (excludes TANF carryover from the prior year) of \$18,129,300 in 2001-02 and \$21,123,700 in 2002-03. Overall, state and federal funding available for TANF programs would decline from the base due to a decrease in food stamp employment and training (FSET) revenue, a decrease in the amount of GPR that can be charged to TANF programs and a decline in the child support revenue.

State funding would include \$160,121,600 (\$150,427,200 GPR and \$9,694,400 PR) in 2001-02 and \$160,127,200 (\$150,427,200 GPR and \$9,700,000 PR) in 2002-03. These numbers represent a decrease to base year funding of \$2,719,500 (\$11,199,300 decrease in GPR and \$8,479,800 increase in PR) in 2001-02 and \$2,713,900 (\$11,199,300 decrease in GPR and \$8,485,400 increase in PR) in 2002-03. The \$9,694,400 in PR for 2001-02 and the \$9,700,000 in PR for 2002-03 include job access loan repayments, collections from welfare fraud and error reduction activities, and funds transferred from DHFS for medical assistance administration performed under the W-2 contracts.

The \$2,719,500 GPR and PR reduction for 2001-02 and the \$2,713,900 GPR and PR reduction in 2002-03 reflect changes for the following: (a) an \$11,199,300 annual decrease in GPR for TANF maintenance-of-effort funding, medical assistance administration, food stamp administration, FSET program administration and funerals and burials, which is primarily due to a transfer of medical assistance GPR to DHFS and a larger proportion of DWD's caseload being non-TANF related; (b) a decrease in PR of \$33,200 in 2001-02 and \$27,600 in 2002-03 for

fraud and error repayments and collections; and (c) an \$8,513,000 annual increase in PR from DHFS for medical assistance administration performed under the W-2 contracts.

Funding also includes \$30,498,500 in 2001-02 and \$27,498,500 from child support collections that are assigned to the state by public assistance recipients. These estimates represent a reduction of \$8,130,500 in 2001-02 and \$11,130,500 in 2002-03 compared to base year levels.

Federal funding is estimated at \$404,291,200 annually, which includes monies from the TANF block grant (\$317,505,200), the child care development block grant (\$78,114,100), the FSET program (\$4,406,300), and administration matching funds from the food stamp program provided to W-2 agencies (\$4,265,600). These amounts represent a decrease in base funding of \$7,279,300 annually, which reflects the following: (a) an increase in child care development block grant funding of \$407,900; (b) a decrease in FSET program funding of \$2,593,700; and (c) a decrease of \$5,093,500 in federal revenue for food stamps and MA primarily due to the transfer of MA administration to DHFS. In addition to these amounts, estimated available funding would include \$213,457,100 from TANF block grant funds carried forward from 2000-01.

Expenditures for W-2 and TANF Related Programs

Under the Governor's recommendation, overall expenditures for W-2 related programs would be \$742,288,200 in 2001-02 and \$657,386,500 in 2002-03. These amounts include all funds, and represent an increase over the base budget of \$105,073,000 in 2001-02 and \$20,171,300 in 2002-03. Expenditures include: W-2 agency contract allocations for cash benefits, office costs and services; community reinvestment funding for W-2 agencies; child care; financial benefits for the kinship care program, the caretaker supplement, emergency assistance and other programs; child support payments; state administration and other ongoing services; and expenditures for programs outside of DWD.

Federal law allows the state to carry forward unexpended TANF funding without fiscal year limitation. However, the use of such carried-over funds is limited to items defined as "assistance" under federal regulations. As shown in the table, under the Governor's proposal, \$610,600 in federal TANF funding would remain unallocated at the end of the 2002-03 fiscal year, and would be carried forward to the next biennium.

TABLE 1

**W-2 and TANF Related Revenues and Expenditures
Under the Governor's Budget Bill**

	<u>2001-02</u>	<u>2002-03</u>	<u>Change to Base</u>		<u>Item #</u>
	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>	
REVENUES					
State General Purpose Revenue	\$150,427,200	\$150,427,200	-\$11,199,300	-\$11,199,300	41
Program Revenue in DWD	1,181,400	1,187,000	-33,200	-27,600	41
TANF Block Grant	317,505,200	317,505,200	0	0	
Child Care Block Grant	78,114,100	78,114,100	407,900	407,900	
Federal FSET Funds	4,406,300	4,406,300	-2,593,700	-2,593,700	
Federal Food Stamp & MA Revenue	4,265,600	4,265,600	-5,093,500	-5,093,500	
Program Revenue from DHFS for MA	8,513,000	8,513,000	8,513,000	8,513,000	40
Child Support Collections	30,498,500	27,498,500	-8,130,500	-11,130,500	41
TANF Carryover from Prior Year	<u>213,457,100</u>	<u>66,080,200</u>	<u>55,029,400</u>	<u>-92,347,500</u>	
Total Revenues	\$808,368,400	\$657,997,100	\$36,900,100	-\$113,471,200	
EXPENDITURES					
W-2 Agency Contract Allocations					
Subsidized Employment Benefits	\$50,696,100	\$52,082,600	\$1,386,500	\$2,773,000	2
Administration/Services	127,047,300	125,660,800	-1,386,500	-2,773,000	2
2000-2001 W-2 Contracts-Carryover from Prior Year	20,136,800	0	20,136,800	0	4
Local Agency Performance Bonuses	14,826,200	0	7,413,100	-7,413,100	6
Community Reinvestment-W-2 Agencies	39,383,200	5,559,800	33,823,400	0	7
Milwaukee Private Industry Council	500,000	500,000	-500,000	-500,000	8
Child Care					
Direct Child Care Subsidies	\$242,475,000	\$242,475,000	\$61,425,000	\$61,425,000	9
Programs to Improve Child Care Quality and Availability	16,253,800	16,439,000	374,100	559,300	11
Local Pass-Through Program	17,495,000	17,481,100	2,974,100	2,960,200	12
Other Benefits					
Kinship Care	\$24,565,300	\$24,565,300	-\$1,598,800	-\$1,598,800	13
Caretaker Supplement for Children of SSI Recipients	18,288,800	16,771,600	358,800	-1,158,400	14
Emergency Assistance	3,300,000	3,300,000	0	0	
Job Access Loans	1,000,000	1,000,000	400,000	400,000	15
State Food Stamps for Legal Immigrants	550,000	550,000	130,000	130,000	16
Employment Skills Advancement	100,000	100,000	0	0	17
Funeral/Burial Reimbursements	4,550,200	4,550,200	625,100	625,100	18
Child Support Related to W-2					
Child Support Payments	\$18,682,100	\$18,682,100	-\$11,573,100	-\$11,573,100	19
Children First	2,800,000	2,800,000	1,660,000	1,660,000	20
Hospital Paternity Establishment	0	0	-91,900	-91,900	21

			Change to Base		
	2001-02	2002-03	2001-02	2002-03	Item #
Administrative Support					
State Administration	\$21,745,200	\$21,745,200	-\$5,709,200	-\$5,709,200	22
Partnership for Full Employment	1,756,700	1,756,700	-1,756,600	-1,756,600	23
Fraud and Front-End Verification	680,200	686,500	18,800	25,100	42
WI Economic Development Initiative	0	0	-100,000	-100,000	24
Milwaukee County Liaison	54,100	54,100	0	0	
W-2 Financial Oversight	500,000	500,000	500,000	500,000	25
Other Support Services					
Work-Based Learning Programs	\$6,399,000	\$2,000,000	\$314,500	-\$4,084,500	26
Transportation	2,000,000	2,000,000	0	0	
Fatherhood	200,000	200,000	200,000	200,000	28
Legal Services	0	0	-100,000	-100,000	29
English for Southeast Asian Children	0	0	-100,000	-100,000	30
Grant Programs					
Workforce Attachment and Advancement	\$10,000,000	\$10,000,000	\$0	\$0	31
Early Childhood Excellence	7,500,000	7,500,000	0	0	
Community Youth Grants	7,079,700	0	-420,300	-7,500,000	32
Literacy-DWD	1,375,800	750,000	-28,300	-654,100	33
AODA Programs	500,000	0	-500,000	-1,000,000	34
Expenditures in Other Programs					
Earned Income Tax Credit	\$51,244,500	\$53,665,500	-\$2,755,500	-\$334,500	35
Head Start	3,712,500	3,712,500	0	0	
Aid to Milwaukee Public Schools	1,410,000	1,410,000	0	0	
SSBG Transfer to DHFS/Community Aids	18,086,200	13,494,000	0	-4,592,200	36, 41
Adolescent Services/Pregnancy Prevention	1,821,300	1,821,300	13,000	13,000	37
Badger Challenge	83,200	83,200	0	0	
Early Pregnancy Identification	100,000	100,000	0	0	
Literacy-Governor’s Office	50,000	50,000	0	0	
Nutrition Services	1,000,000	1,000,000	0	0	
Immunization	1,000,000	1,000,000	0	0	
Domestic Violence	1,000,000	1,000,000	0	0	
Child Abuse and Neglect Prevention Board	340,000	340,000	0	0	
Community Marriage Coordinator	0	0	-60,000	-60,000	38
Total Expenditures	\$742,288,200	\$657,386,500	\$105,073,000	\$20,171,300	
Balance in Federal TANF Funds	\$66,080,200	\$610,600			

Joint Finance: Table 2 shows the W-2 and TANF related revenue estimates and expenditures adopted by the Joint Committee on Finance.

Revenues Available for W-2 and TANF Related Programs

As shown, total revenues for W-2 and TANF related programs are estimated at \$845,056,700 in 2001-02 and \$686,256,100 in 2002-03. Compared to the Governor's proposal, these numbers represent an increase of \$36,688,300 in 2001-02 and \$28,259,000 in 2002-03. In general, state GPR funding would be increased to draw down federal child care matching funds and to ensure that the Department is able to meet the maintenance-of-effort requirement under the federal TANF program. Program revenue is expected to increase due to revised estimates of

the amount of program revenue attributable to the TANF program. Child care block grant revenues would decrease in 2001-02 and increase in 2002-03 due to reestimates and an action to draw down additional federal child care matching funds. In addition, revenues associated with the food stamp and MA programs would decrease due to the transfer of food stamp and medical assistance eligibility determination from the W-2 agency contracts to the income maintenance contracts in January, 2002. Finally, the TANF balance carried over into 2001-02 would increase by \$48,081,900 due to reestimates.

Expenditures for W-2 and TANF Related Programs

Overall expenditures for W-2 and TANF related programs would be \$762,092,500 in 2001-02 and \$686,022,900 in 2002-03. These amounts include all funds and represent an increase in expenditures compared to the Governor's provisions of \$19,804,300 in 2001-02 and \$28,636,400 in 2002-03. The overall increase results from several modifications to the Governor's proposal which are described below in separate entries.

An estimated \$233,200 in federal TANF funding would remain unallocated at the end of the 2002-03 fiscal year, and would be carried forward to the next biennium.

TABLE 2

**W-2 and TANF Related Revenues and Expenditures
Under Joint Finance**

			Change to Governor		
	2001-02	2002-03	2001-02	2002-03	Item #
REVENUES					
State General Purpose Revenue	\$157,136,000	\$162,350,100	\$6,708,800	\$11,922,900	9,41,51,52
Program Revenue in DWD	1,317,500	1,334,300	136,100	147,300	41
TANF Block Grant	317,505,200	317,505,200	0	0	
Child Care Block Grant	64,040,900	90,197,500	-14,073,200	12,083,400	
Federal FSET Funds	4,406,300	4,406,300	0	0	
Federal Food Stamp Revenue	1,995,300	0	-2,270,300	-4,265,600	
Program Revenue from DHFS for MA	6,618,000	0	-1,895,000	-8,513,000	40
Child Support Collections	30,498,500	27,498,500	0	0	41
TANF Carryover from Prior Year	261,539,000	82,964,200	48,081,900	16,884,000	
Total Revenues	\$845,056,700	\$686,256,100	\$36,688,300	\$28,259,000	
EXPENDITURES					
W-2 Agency Contract Allocations					
Subsidized Employment Benefits	\$49,309,600	\$49,309,600	-\$1,386,500	-\$2,773,000	2
Administration/Services	112,880,700	99,221,600	-14,166,600	-26,439,200	2
2000-01 W-2 Contracts-Carryover from Prior Year	20,136,800	0	0	0	4
Local Agency Performance Bonuses	12,820,800	0	-2,005,400	0	6
Community Reinvestment-W-2 Agencies	23,618,900	5,539,700	-15,764,300	-20,100	7
Milwaukee Private Industry Council	0	0	-500,000	-500,000	8
Child Care					
Direct Child Care Subsidies	\$274,500,000	\$305,550,000	\$32,025,000	\$63,075,000	9
Programs to Improve Child Care Quality and Availability	24,293,900	15,458,000	8,040,100	-981,000	11
Local Pass-Through Program	25,210,800	17,253,200	7,715,800	-227,900	12
Other Benefits					
Kinship Care	\$24,852,600	\$24,852,600	\$287,300	\$287,300	13
Caretaker Supplement for Children of SSI Recipients	20,145,000	19,796,000	1,856,200	3,024,400	14
Emergency Assistance	3,300,000	3,300,000	0	0	
Job Access Loans	1,000,000	1,000,000	0	0	15
State Food Stamps for Legal Immigrants	745,000	950,000	195,000	400,000	16
Employment Skills Advancement	0	0	-100,000	-100,000	17
Funeral/Burial Reimbursements	4,550,200	4,550,200	0	0	18
Child Support Related to W-2					
Child Support Payments	\$18,682,100	\$18,682,100	\$0	\$0	19
Children First	1,140,000	1,140,000	-1,660,000	-1,660,000	20
Hospital Paternity Establishment	0	0	0	0	21

			<u>Change to Governor</u>		
	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>	<u>Item #</u>
Administrative Support					
State Administration	\$21,795,300	\$21,807,800	\$50,100	\$62,600	22
Partnership for Full Employment	1,756,700	1,756,700	0	0	23
Fraud and Front-End Verification	661,400	661,400	-18,800	-25,100	42
WI Economic Development Initiative	0	0	0	0	24
Milwaukee County Liaison	54,100	54,100	0	0	
W-2 Financial Oversight	500,000	500,000	0	0	25
Other Support Services					
Work-Based Learning Programs	\$0	\$0	-\$6,399,000	-\$2,000,000	26
Transportation	1,000,000	1,000,000	-1,000,000	-1,000,000	48
Fatherhood	0	0	-200,000	-200,000	28
Legal Services	100,000	100,000	100,000	100,000	29
English for Southeast Asian Children	100,000	100,000	100,000	100,000	30
Grant Programs					
Workforce Attachment and Advancement	\$9,641,000	\$5,000,000	-\$359,000	-\$5,000,000	31
Early Childhood Excellence	11,145,900	2,500,000	3,645,900	-5,000,000	49
Community Youth Grants	7,579,700	500,000	500,000	500,000	32
Literacy-DWD	1,375,800	750,000	0	0	33
AODA Programs	500,000	0	0	0	34
Expenditures in Other Programs					
Earned Income Tax Credit	\$51,244,500	\$52,200,000	\$0	-\$1,465,500	35
Head Start	3,712,500	3,712,500	0	0	
Aid to Milwaukee Public Schools	1,410,000	1,410,000	0	0	
SSBG Transfer to DHFS/Community Aids	18,455,800	13,494,000	369,600	0	36, 41
Adolescent Services/Pregnancy Prevention	1,816,500	1,816,500	-4,800	-4,800	37
Badger Challenge	83,200	83,200	0	0	
Early Pregnancy Identification	0	0	-100,000	-100,000	50
Literacy-Governor's Office	50,000	50,000	0	0	
Nutrition Services	1,000,000	1,000,000	0	0	
Immunization	1,000,000	1,000,000	0	0	
Domestic Violence	1,000,000	1,000,000	0	0	
Child Abuse and Neglect Prevention Board	340,000	340,000	0	0	
Community Marriage Coordinator	0	0	0	0	38
Child Welfare Safety Services	7,094,100	7,094,100	7,094,100	7,094,100	51
Child Welfare Prevention Services	1,489,600	1,489,600	1,489,600	1,489,600	52
Total Expenditures	\$762,092,500	\$686,022,900	\$19,804,300	\$28,636,400	
Balance in Federal TANF Funds	\$82,964,200	\$233,200	\$16,884,000	-\$377,400	

Senate: Under the Senate provisions, total revenues for W-2 and TANF related programs would be \$845,192,100 in 2001-02 and \$687,252,900 in 2002-03. Compared to the Joint Finance provisions, revenues would be higher by \$135,400 in 2001-02 and \$996,800 in 2002-03, due to repayment of disallowed costs by Employment Solutions, Inc. and provision of additional GPR to access federal child care matching funds.

Total expenditures under the Senate provisions would be \$763,122,500 in 2001-02 and \$687,252,900 in 2002-03. These amounts are higher as compared to the Joint Finance provision by \$1,030,000 in 2001-02 and \$1,230,000 in 2002-03. Changes to expenditures under the Senate provisions would include increases in funding for direct child care subsidies, the Northwest Side Community Development Corporation, early childhood excellence grants, community youth grants, after-school care grants and the job retention skills development program. These items are described in more detail in separate items under this section.

Assembly: Under the Assembly provisions, total revenues for W-2 and TANF related programs would be \$845,258,800 in 2001-02 and \$690,374,700 in 2002-03. Compared to the Joint Finance provisions, revenues would be higher by \$202,100 in 2001-02 and \$4,118,600 in 2002-03., due to an increase in GPR to cover the TANF maintenance-of-effort requirement, a decrease in funding for job access loans, inclusion of tribal gaming revenue and repayment of disallowed costs by Employment Solutions, Inc.

Total expenditures under the Assembly provisions would be \$760,109,300 in 2001-02 and \$688,539,700 in 2002-03. As compared to the Joint Finance provisions, these amounts are lower by \$1,983,200 in 2001-02, and higher by \$2,516,800 in 2002-03. Changes to expenditures under the Assembly provisions would include decreases in funding for direct child care subsidies, job access loans, transportation, legal services, English for Southeast Asian children and the Badger Challenge program. In addition, funding increases would be provided for programs to improve child care quality and availability, workforce attachment and advancement grants and the job retention skills development program. These items are described in more detail in separate items under this section.

Conference Committee/Legislature: Table 3 shows W-2 and TANF related revenue estimates and expenditures as approved by the Legislature. Items are described separately in the sections following the table according to the item number listed in the right-hand column of the table.

TABLE 3
W-2 and TANF Related Revenues and Expenditures
Legislature

	<u>2001-02</u>	<u>2002-03</u>	<u>Change to Joint Finance</u>		<u>Item #</u>
			<u>2001-02</u>	<u>2002-03</u>	
REVENUES					
State General Purpose Revenue	\$158,136,000	\$163,350,100	\$1,000,000	\$1,000,000	9,31,41,47,51,52
Program Revenue in DWD	1,317,500	1,334,300	0	0	41
TANF Block Grant	317,505,200	317,505,200	0	0	
Child Care Block Grant	64,040,900	90,197,500	0	0	
Federal FSET Funds	4,406,300	4,406,300	0	0	
Federal Food Stamp Revenue	1,995,300	0	0	0	41
Program Revenue from DHFS for MA	6,618,000	0	0	0	40
Child Support Collections	30,498,500	27,498,500	0	0	41
TANF Carryover from Prior Year	<u>261,674,400</u>	<u>84,519,600</u>	<u>135,400</u>	<u>1,555,400</u>	
Total Revenues	\$846,192,100	\$688,811,500	\$1,135,400	\$2,555,400	

	<u>2001-02</u>	<u>2002-03</u>	<u>Change to Joint Finance</u>		<u>Item #</u>
	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>	
EXPENDITURES					
W-2 Agency Contract Allocations					
Subsidized Employment Benefits	\$49,309,600	\$49,309,600	\$0	\$0	2
Administration/Services	112,880,700	99,221,600	0	0	2
2000-2001 W-2 Contracts-Carryover from Prior Year	20,136,800	0	0	0	4
Local Agency Performance Bonuses	12,820,800	0	0	0	6
Community Reinvestment-W-2 Agencies	23,618,900	5,539,700	0	0	7
Milwaukee Private Industry Council	0	0	0	0	8
Child Care					
Direct Child Care Subsidies	\$274,500,000	\$305,550,000	\$0	\$0	9
Programs to Improve Child Care Quality and Availability	24,293,900	15,458,000	0	0	11
Local Pass-Through Program	25,210,800	17,253,200	0	0	12
Other Benefits					
Kinship Care	\$24,852,600	\$24,852,600	\$0	\$0	13
Caretaker Supplement for Children of SSI Recipients	20,145,000	19,796,000	0	0	14
Emergency Assistance	3,300,000	3,300,000	0	0	
Job Access Loans	600,000	600,000	-400,000	-400,000	15
State Food Stamps for Legal Immigrants	745,000	950,000	0	0	16
Employment Skills Advancement	0	0	0	0	17
Funerals/Burials for Public Assistance Recipients	4,550,200	4,550,200	0	0	18
Child Support Related to W-2					
Child Support Payments	\$18,682,100	\$18,682,100	\$0	\$0	19
Children First	1,140,000	1,140,000	0	0	20
Hospital Paternity Establishment	0	0	0	0	21
Administrative Support					
State Administration	\$21,708,500	\$21,721,000	-\$86,800	-\$86,800	22
Partnership for Full Employment	1,756,700	1,756,700	0	0	23
Fraud and Front-End Verification	661,400	661,400	0	0	42
WI Economic Development Initiative	0	0	0	0	24
Milwaukee County Liaison	54,100	54,100	0	0	
W-2 Financial Oversight	500,000	500,000	0	0	25
Other Support Services					
Work-Based Learning Programs	\$0	\$0	\$0	\$0	26
Transportation	900,000	900,000	-100,000	-100,000	48
Fatherhood	0	0	0	0	28
Legal Services	100,000	100,000	0	0	29
English for Southeast Asian Children	100,000	100,000	0	0	30
Grant Programs					
Workforce Attachment and Advancement	\$9,641,000	\$7,842,200	\$0	\$2,842,200	31
Early Childhood Excellence	11,395,900	2,750,000	250,000	250,000	49
Community Youth Grants	7,579,700	500,000	0	0	32
Literacy-DWD	1,375,800	750,000	0	0	33
AODA Programs	500,000	0	0	0	34

	<u>2001-02</u>	<u>2002-03</u>	<u>Change to Joint Finance</u>		<u>Item #</u>
			<u>2001-02</u>	<u>2002-03</u>	
Expenditures in Other Programs					
Earned Income Tax Credit	\$51,244,500	\$52,200,000	\$0	\$0	35
Head Start	3,712,500	3,712,500	0	0	
Aid to Milwaukee Public Schools	1,410,000	1,410,000	0	0	
After-School Care Grant Program	0	150,000	0	150,000	57
SSBG Transfer to DHFS/Community Aids	18,455,800	13,494,000	0	0	36,41
Adolescent Services/Pregnancy Prevention	1,816,500	1,816,500	0	0	37
Badger Challenge	0	93,400	-83,200	10,200	58
Early Pregnancy Identification	0	0	0	0	50
Literacy-Governor's Office	50,000	50,000	0	0	
Nutrition Services	1,000,000	1,000,000	0	0	
Immunization	1,000,000	1,000,000	0	0	
Domestic Violence	1,000,000	1,000,000	0	0	
Child Abuse and Neglect Prevention Board	340,000	340,000	0	0	
Community Marriage Coordinator	0	0	0	0	38
Child Welfare Safety Services	7,094,100	7,094,100	0	0	51
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	52
Total Expenditures	\$761,672,500	\$688,688,500	-\$420,000	\$2,665,600	
Balance in Federal TANF Funds	\$84,519,600	\$123,000	\$1,555,400	-\$110,200	

As shown, total revenues under the provisions of the Legislature are estimated at \$846,192,100 in 2001-02 and \$688,811,500 in 2002-03. These amounts are higher compared to the Joint Finance provisions by \$1,135,400 in 2001-02 and \$2,555,400 in 2002-03. The increases reflect additional GPR funding to cover the TANF maintenance-of-effort requirement and a higher TANF carryover balance in 2001-02 due to repayment of disallowed costs by Employment Solutions, Inc.

Total expenditures under the provisions approved by the Legislature would be \$761,672,500 in 2001-02 and \$688,688,500 in 2002-03. Compared to the Joint Finance provisions, these amounts are lower by \$420,000 in 2001-02 and higher by \$2,665,600 in 2002-03. These changes are due to decreases in funding for job access loans, state administration, transportation, and the Badger Challenge program and increases in funding for workforce attachment and advancement grants, early childhood excellence grants and after-school care grants.

Under the provisions of the Legislature, \$123,000 in TANF funding would remain unallocated at the end of the 2002-03 fiscal year, and would be carried forward to the next biennium.

Veto by Governor [C-50 and C-51]: Table 4 shows the W-2 and TANF related revenue estimates and expenditures after the Governor's partial vetoes. Items are described separately in the sections following the table according to the item number listed in the right-hand column of the table.

As shown, total revenues under 2001 Act 16 are estimated at \$846,192,100 in 2001-02 and \$688,811,500 in 2002-03. Total expenditures under Act 16 are \$761,672,500 in 2001-02 and

\$688,088,500 in 2002-03. Changes under the Governor's partial vetoes as compared to the Legislature include reducing the statutory allocation for community youth grants by \$450,000 in 2002-03 and eliminating the \$150,000 statutory allocation for after-school care grants in 2002-03. The Governor's veto message directs DOA to place funding for each of these into unallotted reserve.

Under 2001 Act 16, the balance in federal TANF funds at the end of the biennium is estimated at \$723,000, which includes \$600,000 in unallotted reserve in DWD.

TABLE 4

**W-2 and TANF Related Revenues and Expenditures
2001-03 Biennial Budget -- Act 16**

	<u>2001-02</u>	<u>2002-03</u>	<u>Change to Legislature</u>		<u>Item #</u>
	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>	
REVENUES					
State General Purpose Revenue	\$158,136,000	\$163,350,100	\$0	\$0	9,31,41,47,51,52
Program Revenue in DWD	1,317,500	1,334,300	0	0	41
TANF Block Grant	317,505,200	317,505,200	0	0	
Child Care Block Grant	64,040,900	90,197,500	0	0	
Federal FSET Funds	4,406,300	4,406,300	0	0	
Federal Food Stamp Revenue	1,995,300	0	0	0	41
Program Revenue from DHFS for MA	6,618,000	0	0	0	40
Child Support Collections	30,498,500	27,498,500	0	0	41
TANF Carryover from Prior Year	<u>261,674,400</u>	<u>84,519,600</u>	<u>0</u>	<u>0</u>	
Total Revenues	\$846,192,100	\$688,811,500	\$0	\$0	
EXPENDITURES					
W-2 Agency Contract Allocations					
Subsidized Employment Benefits	\$49,309,600	\$49,309,600	\$0	\$0	2
Administration/Services	112,880,700	99,221,600	0	0	2
2000-2001 W-2 Contracts-Carryover from Prior Year	20,136,800	0	0	0	4
Local Agency Performance Bonuses	12,820,800	0	0	0	6
Community Reinvestment-W-2 Agencies	23,618,900	5,539,700	0	0	7
Milwaukee Private Industry Council	0	0	0	0	8
Child Care					
Direct Child Care Subsidies	\$274,500,000	\$305,550,000	\$0	\$0	9
Programs to Improve Child Care Quality and Availability	24,293,900	15,458,000	0	0	11
Local Pass-Through Program	25,210,800	17,253,200	0	0	12
Other Benefits					
Kinship Care	\$24,852,600	\$24,852,600	\$0	\$0	13
Caretaker Supplement for Children of SSI Recipients	20,145,000	19,796,000	0	0	14
Emergency Assistance	3,300,000	3,300,000	0	0	
Job Access Loans	600,000	600,000	0	0	15
State Food Stamps for Legal Immigrants	745,000	950,000	0	0	16
Employment Skills Advancement	0	0	0	0	17
Funerals/Burials for Public Assistance Recipients	4,550,200	4,550,200	0	0	18

	<u>2001-02</u>	<u>2002-03</u>	<u>Change to Legislature</u>		<u>Item #</u>
			<u>2001-02</u>	<u>2002-03</u>	
Child Support Related to W-2					
Child Support Payments	\$18,682,100	\$18,682,100	\$0	\$0	19
Children First	1,140,000	1,140,000	0	0	20
Hospital Paternity Establishment	0	0	0	0	21
Administrative Support					
State Administration	\$21,708,500	\$21,721,000	\$0	\$0	22
Partnership for Full Employment	1,756,700	1,756,700	0	0	23
Fraud and Front-End Verification	661,400	661,400	0	0	42
WI Economic Development Initiative	0	0	0	0	24
Milwaukee County Liaison	54,100	54,100	0	0	
W-2 Financial Oversight	500,000	500,000	0	0	25
Other Support Services					
Work-Based Learning Programs	\$0	\$0	\$0	\$0	26
Transportation	900,000	900,000	0	0	48
Fatherhood	0	0	0	0	28
Legal Services	100,000	100,000	0	0	29
English for Southeast Asian Children	100,000	100,000	0	0	30
Grant Programs					
Workforce Attachment and Advancement	\$9,641,000	\$7,842,200	\$0	\$0	31
Early Childhood Excellence	11,395,900	2,750,000	0	0	49
Community Youth Grants	7,579,700	50,000	0	-450,000	32
Literacy-DWD	1,375,800	750,000	0	0	33
AODA Programs	500,000	0	0	0	34
Expenditures in Other Programs					
Earned Income Tax Credit	\$51,244,500	\$52,200,000	\$0	\$0	35
Head Start	3,712,500	3,712,500	0	0	
Aid to Milwaukee Public Schools	1,410,000	1,410,000	0	0	
After School Care Grant Program	0	0	0	-150,000	57
SSBG Transfer to DHFS/Community Aids	18,455,800	13,494,000	0	0	36,41
Adolescent Services/Pregnancy Prevention	1,816,500	1,816,500	0	0	37
Badger Challenge	0	93,400	0	0	58
Early Pregnancy Identification	0	0	0	0	50
Literacy-Governor's Office	50,000	50,000	0	0	
Nutrition Services	1,000,000	1,000,000	0	0	
Immunization	1,000,000	1,000,000	0	0	
Domestic Violence	1,000,000	1,000,000	0	0	
Child Abuse and Neglect Prevention Board	340,000	340,000	0	0	
Community Marriage Coordinator	0	0	0	0	38
Child Welfare Safety Services	7,094,100	7,094,100	0	0	51
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	52
Total Expenditures	\$761,672,500	\$688,088,500	\$0	-\$600,000	
Balance in Federal TANF Funds	\$84,519,600	\$723,000	\$0	\$600,000	

[Act 16 Sections: 741, 742, 1661b, 1662 and 1678 thru 1714]

[Act 16 Vetoeed Sections: 1700b and 1714d]

2. W-2 AGENCY CONTRACTS [LFB Papers 1041, 1042 and 1043]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$0	- \$12,939,800	- \$12,939,800

Governor: Reallocate \$1,386,600 in 2001-02 and \$2,773,000 in 2002-03 for W-2 agency contracts from administration and services to subsidized employment benefits to reflect increased caseload estimates. The current W-2 contracts have a term of January 1, 2000, through December 31, 2001. The next W-2 contracts will be from January 1, 2002, through December 31, 2003.

The bill anticipates that the 2002-2003 W-2 contracts will allocate a total of \$104,165,200 for subsidized employment benefits and \$251,321,600 for administration and services over the full contract term. Funds for subsidized employment benefits are used for benefits paid under W-2 employment positions and caretaker of infant grants. Expenditures for administration cannot exceed 15% of the contract amount and are used for office costs such as salaries and fringe benefits. Funds for services are used to provide case management, job training, job readiness, motivation, education and social services.

For subsidized employment benefits, \$50,696,100 would be provided in 2001-02, which includes \$24,654,800 for the last six months of the 2000-2001 W-2 contracts and \$26,041,300 for the first six months of the 2002-2003 W-2 contracts. In 2002-03, a total of \$52,082,600 would be provided for subsidized employment benefits for 12 months of the 2002-2003 W-2 contracts. For administration and services, \$127,047,300 would be provided in 2001-02, which includes \$64,216,900 for the last six months of the 2000-2001 W-2 contracts and \$62,830,400 for the first six months of the 2002-2003 W-2 contracts. In 2002-03, a total of \$125,660,800 would be provided for administration and services for 12 months of the 2002-2003 W-2 contracts.

Joint Finance: Eliminate the proposed increase in funding for W-2 cash benefits by decreasing funding by \$1,386,500 in 2001-02 and \$2,773,000 in 2002-03 for a total allocation of \$49,309,600 annually. Decrease funding for administration and services by \$3,558,100 in 2001-02 and \$5,222,200 in 2002-03 to reflect a reduction in the final contract amount for the 2000-2001 W-2 contracts of \$947,000 and a 5% reduction for the 2002-2003 W-2 contracts of \$2,611,100 in 2001-02 and \$5,222,200 in 2002-03. In addition, transfer \$10,608,500 in 2001-02 and \$21,217,000 in 2002-03 in administration and services funds from the W-2 agency contract to the income maintenance contract for no net budgetary change. The new allocation for administration and services would be \$112,880,700 in 2001-02 and \$99,221,600 in 2002-03. Specify that funding allocated under the W-2 contracts for benefits may not be transferred to the allocation for services and administration, effective January 1, 2002.

Food Stamp and Medical Assistance Eligibility Determination. Transfer food stamp and medical assistance eligibility determination from the W-2 contracts to the income maintenance contracts. In addition, delete the provision in current law requiring W-2 agencies to certify

eligibility for and issue food stamps, to the extent permitted by federal law or a waiver from the U.S. Department of Health and Human Services. Further, delete the provision in current law allowing W-2 agencies to administer MA eligibility determination to the extent permitted by federal law or a waiver from HHS.

Performance Standards. Direct DWD to modify its contract terms for the 2002-2003 W-2 contracts to make the following changes to the performance standards proposed by DWD: (a) allow agencies to receive a one-case credit only to meet the base contract and right of first selection benchmark, and not to receive the unrestricted performance bonus; (b) modify the extension requests standard to require timely processing and CARES documentation of 100% of requests as a base contract and right of first selection requirement, and eliminate use of this standard in determining unrestricted performance bonuses; (c) modify the customer satisfaction standard to distribute unrestricted bonus funds to all agencies that have an average score exceeding 6.5 on each survey item, instead of providing unrestricted bonuses only to the top-10 scoring agencies; and (d) modify the financial management standard to require "significant audit finding" to include an audit finding of unallowable or questioned costs of a certain percentage of the contract amount, to be determined by DWD.

Right of First Selection. Modify the statutes to require DWD to utilize a competitive process to select W-2 agencies starting with the 2004-2005 contracting process, using criteria including but not limited to cost and prior experience, unless it opts to re-contract with agencies based on standards developed by DWD. Direct DWD to modify its contract terms for the 2002-2003 W-2 contracts to reflect this policy change for the 2004-2005 contracts. This would provide DWD with the flexibility to utilize either a competitive process or right of first selection process.

W-2 Geographic Regions. Modify the statutes to specify that right of first selection would not apply for the 2004-2005 W-2 contracts in cases where the geographic area has been changed. Direct DWD to amend the contract terms for the 2002-2003 contracts to state that the right of first selection will not apply for the 2004-2005 contracts in cases where the geographic area has been changed. In addition, require DWD to hold public hearings and consult with the Milwaukee County Department of Human Services prior to implementing any changes to the W-2 geographic regions.

Financial Accountability. Direct DWD to modify its contract terms for the 2002-2003 W-2 contracts to specify that penalties for unallowable expenditures would be 50% of the unallowable amount.

Senate: Make several changes to the W-2 contracting process regarding: (a) right of first selection for the 2002-2003 W-2 agency contracts; (b) performance standards for the 2002-2003 W-2 contracts; and (c) future audit requirements for the W-2 program.

Right of First Selection. Specify that if a private W-2 agency relinquishes its right of first selection, then the county would have the right of first refusal, effective for the 2002-2003 W-2 contracting process. As under current law, if the agency relinquishing its right of first selection

is a county agency, then the geographic area would be open to competition under a request for proposals process.

Employment Solutions, Inc. (ESI) in Milwaukee County, relinquished its right of first selection for two regions in Milwaukee County. This action would give Milwaukee County the right of first refusal for these two regions for the 2002-2003 W-2 contracts. In addition, Jackson and Columbia counties relinquished their right of first selection. As under current law, these two regions would be opened up to competition under a request for proposals process.

Performance Standards. As adopted by the Joint Committee on Finance, agencies would be eligible to receive an amount up to 4% of the W-2 contract amount for performance bonuses. Agencies would be eligible for the first 2% if they meet the first tier unrestricted performance benchmarks. In addition, agencies would be eligible for the second 2% if they meet the second tier unrestricted performance benchmarks. Direct DWD to modify its contract terms for the 2002-2003 W-2 contracts to make the following changes to the performance standards proposed by DWD:

a. *Entered Employment Standard.* For the entered employment standard, increase the base contract and right of first selection benchmark from 35% of W-2 and FSET program participants being placed into full or part-time jobs to 50%. In addition, specify that a single individual would only be counted once as entering unsubsidized employment, even if the individual enters unsubsidized employment on more than one occasion during the contract period.

b. *Initial Wage Rate Standard.* Convert the standard that measures initial wage rate at placement from an informational standard to a mandatory standard and set the base contract and right of first selection benchmark wage rate for each W-2 region at the average wage rate in each county during the first six months of 2001, set the first tier unrestricted bonus benchmark at 102.5% of the average base wage rate, and set the second tier unrestricted bonus benchmark at 105% of the average base wage rate.

c. *Job Retention Standard.* For the job retention standard, increase the base contract and right of first selection benchmark for 30-day follow-up from 75% of W-2 and FSET participants that remain employed after a 30-day follow-up to 85%, increase the first tier unrestricted bonus benchmark from 80% to 90% and increase the second tier unrestricted bonus benchmark from 85% to 95%. In addition, modify the job retention standard to also measure job retention after 360 days as an informational standard.

d. *Full and Appropriate Engagement Standard.* For the full and appropriate engagement standard, increase the base contract and right of first selection benchmark from 80% of W-2 and FSET participants being appropriately engaged in activities to 90%, increase the first tier unrestricted bonus benchmark from 85% to 95% and increase the second tier unrestricted bonus benchmark from 90% to 100%.

e. *Basic Education Activities Standard.* For the basic education activities standard, increase the base contract and right of first selection benchmark from 80% of W-2 adult participants in appropriate education and training activities to 90%, increase the first tier unrestricted bonus benchmark from 85% to 95% and increase the second tier unrestricted bonus benchmark from 90% to 100%.

f. *Educational Activities Attainment Standard.* For the educational activities attainment standard, increase the base contract and right of first selection benchmark from 35% of W-2 adult participants completing an educational activity, job skills training or technical college activity to 40%, increase the first tier unrestricted bonus benchmark from 40% to 45% and increase the second tier unrestricted bonus benchmark from 45% to 50%.

g. *W-2 Agency Staff Training Standard.* Modify the W-2 agency staff training standard to require that 100% of staff meet DWD training requirements as a base contract and right of first selection requirement, and eliminate the use of this standard in determining unrestricted performance bonuses.

h. *W-2 Tier Placement.* Modify the appropriate W-2 tier placement standard to require appropriate placement in unsubsidized employment or a subsidized employment position of 100% of participants as a base contract and right of first selection requirement, and eliminate the use of this standard in determining unrestricted performance bonuses.

i. *Optional Performance Standards.* Eliminate faith-based contracts and supplemental security income (SSI) advocacy as optional performance standards. In addition, convert the employer health insurance standard from an optional standard to a required standard and increase the base contract and right of first selection benchmark from 30% of W-2 and FSET participants with employer-sponsored health insurance no later than 180 days after entering unsubsidized employment to 55%, increase the first tier unrestricted bonus benchmark from 35% to 60% and increase the second tier unrestricted bonus benchmark from 40% to 65%.

j. *Future Audit Requirements for the W-2 Program.* Modify the statutes to require the Legislative Audit Bureau to conduct biennial program and financial audits on the W-2 and child care programs. In addition, authorize the Legislative Audit Bureau to charge DWD for all or a portion of the costs of performing these audits. Under current law, the Legislative Audit Bureau was required to file a financial and performance audit on the W-2 program by July 1, 2000. The Audit Bureau conducted several audits, the last of which was released in April, 2001.

Assembly: Restore statutory language allowing W-2 agencies to administer medical assistance and food stamp eligibility determination, to the extent permitted by federal law or a waiver from the U.S. Department of Health and Human Services. In addition, delete the provision requiring DWD to hold public hearings and consult with the Milwaukee County Department of Human Services prior to implementing any changes to the W-2 geographic regions.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-44, C-47 and C-48]: Delete the provisions that would have prohibited transferring funding allocated under the W-2 contracts for benefits to the allocation for services and administration. The Governor's veto also deletes the provisions that would have required DWD to hold public hearings and consult with the Milwaukee County Department of Human Services prior to implementing any changes to the W-2 geographic regions. In addition, the veto deletes the provisions that would have directed DWD to modify its contract terms for the 2002-2003 W-2 contracts to make the following changes to the performance standards proposed by DWD: (a) allow agencies to receive a one-case credit only to meet the base contract and right of first selection benchmark, and not to receive unrestricted performance bonuses; (b) modify the extension requests standard to require timely processing and CARES documentation of 100% of requests as a base contract and right of first selection requirement, and eliminate use of this standard in determining unrestricted performance bonuses; (c) modify the customer satisfaction standard to distribute unrestricted bonus funds to all agencies that have an average score exceeding 6.5 on each survey item, instead of providing unrestricted bonuses only to the top-10 scoring agencies; and (d) modify the financial management standard to require "significant audit finding" to include an audit finding of unallowable or questioned costs of a certain percentage of the contract amount, to be determined by DWD.

[Act 16 Sections: 1494m, 1494q, 1494t, 1495m, 1656trg, 1656trm, 1656trs, 1656tym, 1657g thru 1657u, 1660b, 1679b, 1680b, 1730f, 1749, 1838u, 9158(9e)(a),(c)&(f) and 9358(8c)]

[Act 16 Vetoed Sections: 1660d, 1660g, 9158(9e)(d) and 9358(8c)]

3. START-UP FUNDING FOR W-2 AGENCIES

Governor/Legislature: Eliminate the statutory allocation of start-up funding for W-2 agency contracts in 1999-00. Funds totaling \$3,519,000 were set aside in 1999-00 for contracts beginning on January 1, 2000, and ending on December 31, 2001.

[Act 16 Section: 1693b]

4. UNEXPENDED FUNDS FROM 2000-2001 W-2 CONTRACTS

FED	\$20,136,800
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Governor/Legislature: Provide increased funding of \$20,136,800 in 2001-02 for costs associated with the 2000-2001 W-2 contracts for benefits and administration/services. These funds were allocated in 1999-00 but were not expended. DWD expects these funds to be spent in 2001-02.

[Act 16 Section: 1683b]

5. W-2 CONTINGENCY FUND [LFB Paper 1042]

Governor: Eliminate funding of \$102,000,000 set aside as a contingency fund for program costs of W-2 agencies. These funds were available in the 1999-01 biennium for distribution under criteria established by DWD. The funds were placed in the Joint Committee on Finance's appropriation and any distribution of funds had to be approved by the Committee under s. 13.10. No funds were withdrawn from the contingency fund in 1999-01.

Joint Finance: Specify that any community reinvestment funds associated with the 1997-1999 W-2 contracts that have not been expended by December 31, 2001, would be placed in the Joint Committee on Finance's program supplements appropriation to be used as a contingency fund for W-2 cash benefits, child care subsidies and kinship care benefits. The maximum amount of the contingency fund would be \$20,849,000, which is the amount of funding the Committee provided for community reinvestment associated with the 1997-1999 W-2 contracts in 2001-02.

Assembly: Limit the use of the contingency fund to W-2 cash benefits and child care subsidies and delete the provision allowing the contingency fund to be used for kinship care payments.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-46]: Delete the provisions that would have allowed the contingency fund to be used for child care subsidies and kinship care benefits.

[Act 16 Sections: 961r, 1684b and 9258(2w)]

[Act 16 Vetoed Section: 961r]

6. W-2 PERFORMANCE BONUSES [LFB Papers 1041 and 1042]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$0	- \$2,005,400	- \$2,005,400

Governor: Eliminate the statutory allocation of funds for W-2 agency performance bonuses for the 2002-2003 agency contracts, but retain the provision that sets out the criteria DWD is required to use when providing performance bonuses. Performance bonuses are allocated to agencies that meet certain performance criteria in the W-2 contracts and are available for unrestricted use. For the current W-2 contracts, these bonuses equal approximately 4% of the W-2 contract amount. The bill would provide funding of \$14,826,200 in 2001-02 to pay the entire amount for performance bonuses associated with these contracts. Although not specified in the bill, the administration indicates that \$12,500,000 would be needed in 2003-04

for performance bonuses associated with the 2002-2003 W-2 contracts. This would represent approximately 3.5% of the 2002-2003 W-2 contract amount.

Joint Finance/Legislature: Reduce the allocation for performance bonuses associated with the 2000-2001 W-2 contracts by \$2,005,400 in 2001-02 to reflect a reduction of \$53,600 in the final contract amount and a reduction of \$1,951,800 based on the amount of bonuses agencies are projected to receive based on calendar year 2000 performance, resulting in a total allocation of \$12,820,800 in 2001-02.

Direct DWD to place an amount equal to 4% of the contract amount for unrestricted performance bonuses in the contract terms for the 2002-2003 W-2 contracts. Agencies would be eligible for the first 2% if they meet the performance standards set in DWD's draft contract terms for restricted performance bonuses. In addition, agencies would be eligible for the second 2% if they meet performance standards in DWD's draft contract terms for unrestricted performance bonuses.

Veto by Governor [C-48]: Delete the provisions that would have set the amount for unrestricted performance bonuses at 4% of the 2002-03 W-2 contract amount. In addition, the Governor's veto deletes the provisions that would have specified the criteria for meeting the first and second bonus levels.

[Act 16 Section: 1681b]

[Act 16 Vetoed Section: 9158(9e)(b)]

7. W-2 COMMUNITY REINVESTMENT [LFB Papers 1041 and 1042]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$33,823,400	- \$15,784,400	\$18,039,000

Governor: Provide increased funding of \$33,823,400 in 2001-02 for community reinvestment activities associated with W-2 contracts. Community reinvestment funds are provided to W-2 agencies to help families attain self-sufficiency who are eligible for funds from the TANF block grant, and to provide a supplemental funding base for the W-2 contract.

Base funding is \$5,559,800. For 2001-02, the funds provided total \$39,383,200, which includes: (a) \$12,854,600 in unspent funds from the first six months of funding for the community reinvestment contracts associated with the 1997-1999 W-2 contracts; (b) \$20,968,800 associated with the last six months of those contracts; and (c) \$5,559,800 for the first 12 months of community reinvestment activities associated with the current W-2 contracts, which cover calendar years 2000 and 2001. For 2002-03, the funds provided total \$5,559,800, which represents the last 12 months of community reinvestment activities associated with the 2000-2001 W-2 contracts.

Joint Finance: Reduce funding by \$15,764,300 in 2001-02 and \$20,100 in 2002-03 to reflect a reduction of \$3,029,500 in 2001-02 and \$20,100 in 2002-03 based on reestimates, as well as a reduction of \$12,734,800 in 2001-02 to reflect not rebudgeting funds that were unspent in 1999-01 for the first six months of community reinvestment associated with the 1997-1999 W-2 contracts. A total of \$20,849,000 would be provided in 2001-02 for funding for community reinvestment associated with the 1997-1999 W-2 contracts and DWD would be directed not to extend the deadline for expending these funds beyond December 31, 2001. In addition, a total of \$2,769,900 in 2001-02 and \$5,539,700 in 2002-03 would be provided for 18 months' funding of community reinvestment associated with the 2000-2001 W-2 contracts. The Committee's action would also direct DWD to eliminate community reinvestment funding from the 2002-2003 W-2 contracts.

Senate/Legislature: Incorporate Joint Finance provisions. In addition, specify that the 2000-2001 community reinvestment allocation for Employment Solutions, Inc. in Milwaukee County totaling \$1,968,000, would be designated for Milwaukee County as follows: \$656,000 in 2001-02, and \$1,312,000 in 2002-03.

In a memorandum of understanding between ESI and DWD dated June 7, 2001, ESI agreed to relinquish its community reinvestment funding associated with the 2000-2001 W-2 contracts of \$2,624,000. DWD agreed to reinvest these funds in the Milwaukee County community for purposes determined by the Department. Under the Joint Committee on Finance's version of the bill, three-fourths of these community reinvestment funds (\$1,968,000) would be provided during the 2001-03 biennium, and one-fourth would be provided in the 2003-05 biennium (\$656,000). This provision would provide these community reinvestment funds to Milwaukee County.

[Act 16 Sections: 1682bc thru 1682cf, 9158(8y),(9e)(e)&(10g) and 9458(2w)]

8. MILWAUKEE PRIVATE INDUSTRY COUNCIL [LFB Paper 1044]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$1,000,000	-\$1,000,000	-\$2,000,000

Governor: Reduce funding by \$500,000 annually for the Milwaukee Private Industry Council. These funds are currently provided for administrative oversight and coordination activities for the Milwaukee County W-2 agencies. Total funding would equal \$500,000 annually.

Joint Finance/Legislature: Delete the proposed allocation for the Milwaukee Private Industry Council of \$500,000 annually. In addition, modify the statutes to require DWD to perform the following oversight and coordination functions for W-2 agencies in Milwaukee County: (a) monitor agencies' compliance with the provisions in their contracts; (b) provide

technical assistance; and (c) assist in the coordination of W-2 services among the five Milwaukee W-2 agencies.

Veto by Governor [C-49]: Delete the provisions that would have required DWD to perform oversight and coordination functions for W-2 agencies in Milwaukee County. The Governor's veto message directs DWD to either conduct the oversight and coordination activities itself, or contract with a provider to perform this function for the Milwaukee W-2 agencies.

[Act 16 Section: 1694b]

[Act 16 Vetoed Section: 1660e]

9. CHILD CARE SUBSIDIES [LFB Papers 1045, 1046 and 1049]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$10,000,000	\$10,000,000
FED	<u>122,850,000</u>	<u>85,100,000</u>	<u>207,950,000</u>
Total	\$122,850,000	\$95,100,000	\$217,950,000

Governor: Provide increased funding of \$61,425,000 annually for child care subsidies allocated under the Wisconsin Shares program due to increased caseload. Total funding would equal \$242,475,000 annually.

Specify that DWD would be allowed to reimburse W-2 agencies for child care that the W-2 agency provides to children of W-2 participants and applicants.

Joint Finance: Increase funding for child care subsidies provided through the Wisconsin Shares program by \$1,395,300 GPR and \$30,629,700 FED in 2001-02 and by \$8,604,700 GPR and \$54,470,300 FED in 2002-03. The GPR funding provided would enable the state to access federal child care matching funds of \$2,032,200 in 2001-02 and \$12,164,500 in 2002-03, which is part of the federal funding provided above. The remaining federal funds provided would come from reestimates and program reductions discussed in this section. The total allocation would be \$274,500,000 in 2001-02 and \$305,550,000 in 2002-03.

Senate: Increase funding by \$783,600 GPR in 2002-03 and decrease funding by \$783,600 FED in 2002-03 to reflect appropriating additional GPR to access \$1,107,800 in federal child care matching funds. This action would not change the net amount appropriated for child care subsidies, but would decrease the amount of TANF funding needed for child care subsidies by \$1,891,400. The freed-up TANF funds would be allocated to other expenditures approved by the Senate.

Assembly: Direct DWD to increase copayments for the Wisconsin Shares child care subsidy program to reflect changes in the consumer price index on October 1, 2001, May 1, 2002,

and May 1, 2003, and reduce funds for child care subsidies by \$500,000 in 2001-02 and \$600,000 in 2002-03. These copayment increases would be in addition to annual adjustments made by DWD to reflect changes in the federal poverty level. The new allocation would be \$274,000,000 in 2001-02 and \$304,950,000 in 2002-03.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 16 Sections: 1674, 1675 and 1690b]

10. CHILD CARE SUBSIDY ELIGIBILITY [LFB Paper 1045]

Governor: Modify several eligibility requirements for child care subsidies by: (a) changing the financial limitations for long-term and short-term kinship care relatives; (b) allowing DWD to modify eligibility requirements for child care subsidies if funds are insufficient for all eligible individuals; and (c) changing the subsidy reimbursement prohibition for providers residing with the child receiving child care.

a. *Short and Long-Term Kinship Care.* Under current law, families generally must have income at or below 185% of the federal poverty level to be eligible for child care subsidies. Families can remain eligible until their income reaches 200% of the poverty level. There are also eligibility standards for foster parents and short-term kinship care relatives. For foster care parents and short-term kinship care relatives, the child's biological or adoptive family must have income at or below 200% of the federal poverty level. In contrast, long-term kinship care relatives fall under the general eligibility standard and must have initial income at or below 185% of the federal poverty level. The bill would modify the income limitations to be 200% of the poverty level for both short- and long-term kinship care relatives. These provisions would first apply to eligibility determinations made on the day after publication of the bill. The bill would also modify the nonfinancial eligibility requirements to be the same for both short- and long-term kinship care relatives.

b. *Eligibility Requirements in Case of Insufficient Appropriations.* The bill would specify that if DWD determines that funds allocated for child care subsidies are insufficient to provide a subsidy to eligible recipients, the Department could develop a plan to limit participation in the program. The plan could have different eligibility requirements than those required under current law. DWD would be required to submit the plan to the Secretary of DOA for approval and DWD could implement the plan if the DOA Secretary approves the plan. No legislative review would be required.

c. *Child Care Providers Residing with the Child.* Under current law, DWD is prohibited from distributing child care subsidies to persons who reside with the child, unless the county determines that the care is necessary because of a special health condition of the child. This prohibition would be extended to parents who do not reside with the child. A parent is currently defined as a custodial parent, guardian, foster parent, treatment foster parent, legal custodian or a person acting in the place of a parent. Noncustodial parents are not included in

this definition. This provision would first apply to child care funds distributed on the day after publication of the bill.

Joint Finance: Delete the provisions to allow DWD to submit a plan to the Secretary of DOA for approval to limit participation in the Wisconsin Shares program if DWD determines that funds allocated for child care subsidies are insufficient to provide a subsidy to eligible recipients.

Senate: Provide increased TANF funding of \$80,000 annually to allow child care funds to be used for care of a child by a licensed child care provider who resides with the child and is not a parent of the child. Under current law, DWD cannot provide child care funds to a person who resides with the child receiving care, unless the county department determines that the care is necessary because of a special health condition of the child.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 16 Sections: 1636, 1664, 1665 thru 1671, 1676 and 9358(5)&(6)]

11. PROGRAMS TO IMPROVE CHILD CARE QUALITY AND AVAILABILITY [LFB Papers 1041, 1047 and 1048]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$933,400	\$7,059,100	\$7,992,500

Governor: Increase funding by \$374,100 in 2001-02 and \$559,300 in 2002-03 for programs administered by DWD and DHFS to improve child care quality and availability. Total funding of \$16,253,800 in 2001-02 and \$16,439,000 in 2002-03 would be allocated under the bill for these programs. The first column in the following table represents base level funding for each program. The second and third columns show the total funding under the Governor's recommendation and the last two columns show the proposed change in funding.

**Funding for Programs to Improve Child Care Quality and Availability
Under the Governor's Budget Bill**

		<u>Total</u>		<u>Change</u>	
	<u>Base</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
Quality Improvement Grants	\$1,407,900	\$1,000,000	\$1,000,000	-\$407,900	-\$407,900
Resource and Referral Agencies	1,700,000	2,105,300	2,105,300	405,300	405,300
Low-Income Subsidy	1,000,000	0	0	-1,000,000	-1,000,000
Sick Child Care Grants	1,000,000	0	0	-1,000,000	-1,000,000
DHFS Licensing Staff	3,745,200	3,889,500	4,060,800	144,300	315,600
DHFS Licensing -Matching Funds	0	660,000	673,900	660,000	673,900
State Level Start-up and Expansion	400,000	0	0	-400,000	-400,000
Technical Assistance	914,900	995,300	995,300	80,400	80,400
Child Care Scholarships	4,127,200	6,007,200	6,007,200	1,880,000	1,880,000
Milwaukee County Foster Parents	182,200	182,200	182,200	0	0
Background Checks	27,700	0	0	-27,700	-27,700
Safe Child Care	580,000	580,000	580,000	0	0
DWD Office of Child Care	794,600	834,300	834,300	39,700	39,700
Total	\$15,879,700	\$16,253,800	\$16,439,000	\$374,100	\$559,300

The bill would eliminate funding for four programs: low-income subsidy, sick child care grants, state level start-up and expansion, and child care provider background checks in DHFS. Funds would also be decreased for quality improvement grants. The bill would also provide new funding for licensing in DHFS that would require DHFS to provide a 41% match, and increased funding for: (a) resource and referral agencies; (b) DHFS licensing staff; (c) technical assistance; (d) child care scholarships; and (e) DWD's Office of Child Care.

Joint Finance: Increase funding by \$8,040,100 in 2001-02 and decrease funding by \$981,000 in 2002-03. The changes to the Governor's proposal are due to: (a) carryover of \$9,020,100 from 2000-01 to 2001-02; (b) a reduction to correct an inadvertent budgeting error of \$47,800 in 2001-02 and \$48,800 in 2002-03; (c) deletion of funding for quality improvement grants of \$1,000,000 annually; (d) an increase of \$1,000,000 annually for a high quality child care demonstration project in Racine County; (e) a \$750,000 annual reduction for child care resource and referral agencies; and (f) a \$182,200 annual reduction for day care administration for Milwaukee County foster parents. In addition, delete 4.0 PR positions in DHFS for child care licensing. The Committee's action would also revise statutory provisions relating to the indirect child care allocation for 2001-03 to allow funds to be used for a child care scholarship and bonus program, safe child care activities and the DWD Office of Child Care. The first two columns in the table below show the amount allocated based on the Joint Committee on Finance's action, except for the carryover amount, and the last two columns show the change to the Governor's recommendation.

**Funding for Programs to Improve Child Care Quality and Availability
Under Joint Finance**

	<u>Joint Finance</u>		<u>Change to Governor</u>	
	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
Funding for DWD				
Quality Improvement Grants	\$0	\$0	-\$1,000,000	-\$1,000,000
High Quality Demonstration Program- Racine County	1,000,000	1,000,000	1,000,000	1,000,000
Resource and Referral Agencies	1,355,300	1,355,300	-750,000	-750,000
Low-Income Subsidy	0	0	0	0
Sick Child Care Grants	0	0	0	0
State Level Start-up and Expansion	0	0	0	0
Technical Assistance	995,300	995,300	0	0
Child Care Scholarships	6,007,200	6,007,200	0	0
Safe Child Care	580,000	580,000	0	0
DWD Office of Child Care	786,500	786,500	-47,800	-47,800
Subtotal	\$10,724,300	\$10,724,300	-\$797,800	-\$797,800
Funding for DHFS				
Licensing Staff	\$3,889,500	\$4,059,800	\$0	-\$1,000
Licensing Staff- Matching Funds	660,000	673,900	0	0
Background Checks	0	0	0	0
Milwaukee County Foster Parent Day Care Admin.	0	0	-182,200	-182,200
Subtotal	\$4,549,500	\$4,733,700	-\$182,200	-\$183,200
Total	\$15,273,800	\$15,458,000	-\$980,000	-\$981,000

Assembly: Increase funding for child care resource and referral agencies by \$400,000 annually. The new allocation would be \$1,755,300 annually.

Conference Committee/Legislature: Include Joint Finance provision.

[Act 16 Sections: 1661b, 1662 and 1691b]

12. CHILD CARE LOCAL PASS-THROUGH PROGRAM [LFB Papers 1041 and 1049]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$5,934,300	\$7,487,900	\$13,422,200

Governor: Provide increased funding of \$2,974,100 in 2001-02 and \$2,960,200 in 2002-03 for the child care local pass-through program. This program was created through a request to the Joint Finance Committee in July, 2000, and there are not currently any statutory provisions for this program. The bill would require DWD to award grants under the program to local governments and tribal governing bodies to fund programs to improve the quality of child care. DWD would also be required to promulgate rules to administer the grant program, including

eligibility criteria and procedures for awarding grants. The program would use child care development block grant funds that require a 41% match. Although not specified in the bill, the administration indicates that the local agencies would have to provide the required match. Base funding is \$14,520,900, resulting in a total allocation of \$17,495,000 in 2001-02 and \$17,481,100 in 2002-03.

Joint Finance/Legislature: Provide increased funding of \$7,715,800 in 2001-02 and decrease funding by \$227,900 in 2002-03. The increase in 2001-02 reflects carryover from 2000-01 of \$7,943,700 and reduction for an error correction. The decrease in funding in 2002-03 reflects an error correction. The total allocation would be \$25,210,800 in 2001-02 and \$17,253,200 in 2002-03. The funding in 2001-02 would be for existing contractual obligations and the funding in 2002-03 would be for new grants.

[Act 16 Sections: 1657, 1661b and 1692b]

13. KINSHIP CARE [LFB Papers 1041 and 1050]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$3,197,600	\$574,600	-\$2,623,000

Governor: Reduce funding transferred to DHFS for the kinship care program by \$1,598,800 annually for a total allocation of \$24,565,300 annually. This reflects a reestimate of the number of families anticipated to use the kinship care program. The amount of the annual reduction was inadvertently overstated in the DWD budget by \$190,600 in each year. The correct amount of the reduction for kinship care is shown in the DHFS budget at \$1,408,200 annually, which includes a \$1,420,400 annual reduction in benefits and a \$12,200 annual increase for full funding of two administrative positions. The correct total allocation should be \$24,755,900 in each year.

Joint Finance/Legislature: Increase funding by \$287,300 annually for the kinship care program. The annual increase reflects an inadvertent budgeting error of \$190,600 as well as \$96,700 to fully fund the anticipated caseload. The total allocation would be \$24,852,600 annually. Authorize the Joint Committee on Finance to supplement the kinship care appropriation under s. 16.515 if the amount budgeted for the program is insufficient to fund benefits payments to eligible families.

Veto by Governor [C-37]: Delete the provisions that would have authorized the Joint Committee on Finance to supplement the kinship care appropriation if the amount budgeted for the program is insufficient to fund benefit payments to eligible families.

[Act 16 Section: 1704b]

[Act 16 Vetoed Section: 1629x]

14. CARETAKER SUPPLEMENT [LFB Paper 1041]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- \$799,600	\$4,880,600	\$4,081,000

Governor: Increase federal TANF funding by \$358,800 in 2001-02 and decrease funding by \$1,158,400 in 2002-03 for benefits and administrative costs of the caretaker supplement for children of recipients of supplemental security income. This reduction reflects a reestimate of the number of families using the caretaker supplement program. The total TANF allocation would equal \$18,288,800 in 2001-02 and \$16,771,600 in 2002-03. The amount of funding for the supplement was inadvertently understated in the DWD budget by \$138,000 annually. The correct amounts of the modifications are shown in the DHFS budget as an increase of \$496,800 in 2001-02 and a decrease of \$1,020,400 in 2002-03. The correct total allocations should be \$18,426,800 in 2001-02 and \$16,909,600 in 2002-03.

Joint Finance/Legislature: Increase funding by \$1,856,200 in 2001-02 and \$3,024,400 in 2002-03. The increase reflects an inadvertent budgeting error of \$138,000 annually, as well as \$1,718,200 in 2001-02 and \$2,886,400 in 2002-03 to fully fund the anticipated caseload. The total allocation would be \$20,145,000 in 2001-02 and \$19,796,000 in 2002-03.

[Act 16 Section: 1705b]

15. JOB ACCESS LOANS

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
FED	\$800,000	- \$800,000	\$0

Governor: Provide increased funding of \$400,000 annually for job access loans. Under current law, W-2 agencies are allowed to provide these loans to W-2 participants for job-related expenses. The loan repayments are received as PR by the state. This modification reflects a revised estimate based on current usage. Under this provision, \$1,000,000 would be provided annually for job access loans, consisting of \$450,000 GPR, \$466,700 TANF and \$83,300 PR from estimated loan repayments.

Assembly: Delete \$1,000,000 annually for job access loans (\$450,000 GPR, \$83,300 PR and \$466,700 FED). While there would be no funding specifically set aside for job access loans, W-2 agencies would be able to use funds from job access loan repayments and funds in their administration and services allocation for new job access loans.

Conference Committee/Legislature: Delete the Governor's proposed increase for job access loans and maintain base funding of \$600,000 annually.

16. FOOD STAMPS FOR QUALIFIED IMMIGRANTS [LFB Paper 1051]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$260,000	\$595,000	\$855,000

Governor: Increase funding by \$130,000 annually for food stamps for qualified immigrants for a total annual allocation of \$550,000. 1997 Wisconsin Act 286 created a state food stamp benefit program for qualified immigrants who had become ineligible for federal benefits under the 1996 federal welfare reform legislation (P.L. 104-193). After passage of Act 286, a new federal law was enacted which restored federal food stamp benefits to certain qualified immigrants. The state program provides benefits for qualified immigrants that remain ineligible for federal food stamp benefits. The Governor's recommendation reflects current estimates of the number of immigrants projected to utilize the state program.

Joint Finance/Legislature: Increase funding by \$195,000 in 2001-02 and \$400,000 in 2002-03 to reflect revised caseload estimates for food stamps for qualified immigrants. The total allocation would be \$745,000 in 2001-02 and \$950,000 in 2002-03.

[Act 16 Sections: 1686a and 1686b]

17. EMPLOYMENT SKILLS ADVANCEMENT GRANTS [LFB Paper 1046]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$0	-\$200,000	-\$200,000

Governor: Modify three of the eligibility requirements for employment skills advancement grants. Under current law, DWD awards grants to eligible individuals to be used for tuition, books, transportation or other direct costs of training or education in a vocational training or educational program. An individual may be eligible for grants of up to \$500 over a lifetime if all of the following requirements are met: (a) the individual contributes, or obtains from other sources, an amount at least equal to the amount of the grant; (b) the training or education is approved by the W-2 agency as part of a career training or education plan that will lead to increased income; (c) the individual is at least 18 years old and a custodial parent of minor child; (d) the individual has been determined eligible for the former aid to families with dependent children (AFDC) program or a W-2 employment position within five years before applying for a grant; (e) the individual has been employed in a subsidized job for at least six consecutive months before applying for a grant; (f) the individual is working an average of at least 40 hours per week, unless the employer and the administering agency agree that the person may work fewer hours; (g) the assets of the individual's family do not exceed \$2,500, excluding the equity value of vehicles up to \$10,000 and one home; (h) the individual's family income does not exceed 165% of the federal poverty level; and (i) the individual has sought

other forms of assistance from the institution's financial aid office and the Higher Educational Aids Board.

The bill would modify the eligibility requirements to: (a) increase the maximum lifetime grant amount from \$500 to \$1,000; (b) reduce the required contribution from 100% to 50% of the amount of the grant; and (c) increase the income limit from 165% to 185% of poverty.

Joint Finance/Legislature: Delete funding for the employment skills advancement grant program of \$100,000 annually. Delete the proposed statutory modifications to the program and delete the statutory provisions creating the program.

[Act 16 Sections: 737e, 1659g, 1678, 1689m and 1718x]

18. FUNERAL AND BURIAL EXPENSES

FED	\$1,250,200
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Governor/Legislature: Provide increased funding of \$625,100 annually for funeral and burial expenses for public assistance recipients. Total funding would equal \$4,550,200 annually. The funding change reflects an increase in the maximum reimbursement amount for funeral expenses from \$1,000 to \$1,500, which took effect on January 1, 2001. The maximum reimbursement amount for cemetery expenses is currently \$1,000. Under current law, funeral and burial cemetery expenses may be provided only if the deceased individual was receiving benefits: (a) under a W-2 subsidized employment position; (b) as a custodial parent of an infant under the age of 13 weeks in the W-2 program; (c) under the medical assistance program; or (d) under the SSI program.

Under current law, DWD is required to reimburse counties and tribes for amounts paid for funeral and cemetery expenses for W-2, MA and SSI recipients using GPR. The bill would modify this provision to allow both GPR and TANF to be used.

[Act 16 Sections: 1687b and 1726]

19. CHILD SUPPORT PAYMENTS

FED	- \$23,146,200
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Governor/Legislature: Decrease funding by \$11,573,100 annually for the cost of providing child support to W-2 participants and to pay the federal government its share of child support collections that are assigned to the state by participants in W-2 employment positions. Total funding for these payments would be \$18,682,100 annually under the bill. The lower funding amount reflects caseload reestimates.

20. CHILDREN FIRST [LFB Paper 1046]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$3,320,000	- \$3,320,000	\$0

Governor: Provide additional funding of \$1,660,000 in each year for the children first program, which provides work experience and training services to noncustodial parents who fail to pay child support or meet their children's needs because of unemployment or underemployment. Base funding is \$1,140,000. Therefore, total funding would be increased to \$2,800,000 per year.

Joint Finance/Legislature: Delete the proposed increase in the children first program and maintain base funding of \$1,140,000 annually.

21. HOSPITAL PATERNITY INCENTIVE PROGRAM

FED	- \$183,800
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Governor/Legislature: Reduce TANF funding by \$91,900 annually for the hospital paternity incentive program. Instead, fund the program at \$91,900 per year with base funding reallocated from the Department's GPR appropriation for W-2 and other public assistance administration and benefits. This program provides payments to hospital administrators or attending physicians for correctly filing hospital-based acknowledgements of paternity within 60 days after a child's birth. Federal regulations do not permit the use of TANF for this program.

[Act 16 Sections: 737, 737am, 1697b and 2074]

22. STATE ADMINISTRATION [LFB Paper 1041]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$0	\$0	-\$173,600	-\$173,600
FED	- 11,518,800	112,700	0	- 11,406,100
Total	- \$11,518,800	\$112,700	-\$173,600	-\$11,579,700

Governor: Reduce funding by \$5,709,200 FED annually to reflect a revised estimate of state administration costs for TANF programs. The total allocated for state administration of TANF programs would be \$21,745,200 annually, based on a cost allocation among the various public assistance programs administered by the Department. The change in funding reflects a proportional decrease in the amount of time DWD has been spending on TANF programs relative to food stamps and child support administration (-\$4,759,400 annually), anticipated efficiencies from the recent merger of the Division of Economic Support and the Division of Workforce Excellence (-\$1,000,000 annually) and an increase due to standard budget

adjustments (\$50,200 annually). Note that the standard budget adjustments are not shown in the box above, but are shown under Departmentwide standard budget adjustments. The total allocation for state administration would be \$21,745,200 annually.

Joint Finance: Increase funding for state administration of W-2 and TANF related programs by \$50,100 FED in 2001-02 and \$62,600 FED in 2002-03. These changes reflect correct application of standard budget adjustments and the TANF budget's portion of the Governor's recommendation to augment the public assistance collections unit. The total allocation for state administration would be \$21,795,300 in 2001-02 and \$21,807,800 in 2002-03.

Conference Committee/Legislature: Include Joint Finance provision and reduce funding by \$86,800 GPR annually to reflect elimination of funding for public assistance reform studies. The total allocation for state administration would be \$21,708,500 in 2001-02 and \$21,721,000 in 2002-03.

[Act 16 Section: 1685b]

23. PARTNERSHIP FOR FULL EMPLOYMENT

FED	- \$3,513,200
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Governor/Legislature: Reduce funding by \$1,756,600 annually for the partnership for full employment program. This is a consolidated system of employment and training services for job seekers and employers through which W-2 and other employment and training services are provided. The bill would provide \$1,756,700 annually for the program.

[Act 16 Section: 1685b]

24. WISCONSIN ECONOMIC DEVELOPMENT INITIATIVE

FED	- \$200,000
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Governor/Legislature: Eliminate funding of \$100,000 annually for the Wisconsin Economic Development Initiative (WEDI) administered by the Department of Commerce. WEDI was not implemented in the 1999-01 biennium and the funds were instead used for the job and business development program for TANF-eligible participants.

[Act 16 Section: 1685b]

25. W-2 FINANCIAL OVERSIGHT

FED	\$1,000,000
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Governor/Legislature: Provide \$500,000 annually for oversight of W-2 agencies. Although not specified in the bill, the administration indicates that these funds could be used statewide to augment overall oversight activities and that the Department could contract out for this function or utilize existing staff.

[Act 16 Section: 1685b]

26. WORK-BASED LEARNING PROGRAMS [LFB Paper 1046]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$3,770,000	-\$8,399,000	-\$12,169,000
PR	0	- 12,200,200	- 12,200,200
TOTAL	-\$3,770,000	-\$20,599,200	-\$24,369,200

Governor: Increase funding by \$314,500 in 2001-02 and decrease funding by \$4,084,500 in 2002-03 for work-based learning programs administered by the Governor's Work-Based Learning Board within DWD. The funds are used for youth apprenticeship programs and other local work-based learning programs. Total funding would equal \$6,399,000 in 2001-02, which would provide \$5,399,000 for current contractual obligations through December 31, 2001, and \$1,000,000 for the first six months of new contracts, which would have a term of January 1, 2002, through December 31, 2003. For 2002-03, the bill would provide \$2,000,000 for the next twelve months of the new contracts.

Joint Finance/Legislature: Delete TANF funding of \$6,399,000 in 2001-02 and \$2,000,000 in 2002-03 for work-based learning programs. In addition, delete PR-S funding of \$6,100,100 annually in the Governor's Work Based Learning Board.

[Act 16 Sections: 743dc, 760r and 1701b]

27. PASSPORTS FOR YOUTH

Governor/Legislature: Delete the allocation of TANF funding to the passports for youth program. Funds totaling \$300,000 were provided in 1999-00 for a youth program operated by the YMCA of Metropolitan Milwaukee. The goals of the program are to assist high school age youth to successfully complete high school graduation with competency in basic and advanced skills, transitioning to employment or post-secondary education, and attaining social skills, independent living skills and positive values.

[Act 16 Section: 1698b]

28. FATHERHOOD INITIATIVE [LFB Paper 1052]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$400,000	-\$400,000	\$0

Governor: Provide \$200,000 annually for a grant program to promote fathers' involvement in their children's lives. The bill would provide funding to continue the fatherhood initiative, which was provided \$75,000 in 1999-00 for grants to community

organizations, administration, and printing and distribution of parenting educational materials for fathers.

Joint Finance/Legislature: Delete funding of \$200,000 annually for the fatherhood initiative.

[Act 16 Section: 1702b]

29. LEGAL SERVICES

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- \$200,000	\$200,000	\$0

Governor: Delete \$100,000 annually provided to the Wisconsin Trust Account Foundation (WisTAF) for the provision of legal services to families whose income is at or below 200% of the federal poverty level. The bill would also eliminate the statutory provisions regarding the transfer of TANF funds to WisTAF.

Joint Finance: Restore funding and statutory provisions.

Assembly: Delete funding of \$100,000 annually and statutory provisions.

Conference Committee/Legislature: Include Joint Finance provision.

30. ENGLISH FOR SOUTHEAST ASIAN CHILDREN

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- \$200,000	\$200,000	\$0

Governor: Eliminate funding of \$100,000 annually for the Wausau school district for a program to teach English to three- to five-year-old Southeast Asian children.

Joint Finance: Restore funding.

Assembly: Eliminate funding of \$100,000 annually.

Conference Committee/Legislature: Include Joint Finance provision.

31. WORKFORCE ATTACHMENT AND ADVANCEMENT PROGRAM [LFB Paper 1046]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$0	\$0	\$2,173,600	\$2,173,600
FED	0	- 5,359,000	668,600	- 4,690,400
Total	\$0	- \$5,359,000	\$2,842,200	- \$2,516,800

Governor: Eliminate the provision requiring DWD to receive approval by the Joint Committee on Finance before allocating funds set aside for the workforce attachment and advancement program. The bill would provide \$10,000,000 in funding annually. The general purposes of this program are to stabilize low-income workers, provide training so that individuals can move to higher-paying jobs and help employers retain workers and upgrade their skills. Services provided include: post-employment services to assist with job retention; incumbent worker training to promote job advancement and increased earnings; services to employers to retain workers and provide career progression paths; job readiness and placement services to unemployed persons; and basic skills development.

Joint Finance: Reduce funding by \$359,000 FED in 2001-02 and \$5,000,000 FED in 2002-03 for the workforce attachment and advancement program. The total allocations would be \$9,641,000 in 2001-02 for existing contractual obligations and \$5,000,000 in 2002-03 for new grants.

Senate: Specify that in 2002-03, the workforce attachment and advancement program would become a statewide grant program administered by DWD. In addition, specify that nonprofit agencies and counties would be eligible to receive funding under the grant program. This action would not affect current contractual obligations being funded in 2001-02.

Assembly: Increase funds for the workforce attachment and advancement program by \$200,000 GPR in 2001-02 and \$5,000,000 (\$1,816,600 GPR, \$250,000 PR and \$2,933,400 FED) in 2002-03. The new allocation would be \$9,841,000 in 2001-02 and \$10,000,000 in 2002-03. The \$250,000 PR in 2002-03 would come from tribal gaming revenue.

Conference Committee/Legislature: Increase the amount of funding for workforce attachment and advancement over the amount provided by Joint Finance by \$2,842,200 in 2002-03 for a total allocation of \$9,641,000 in 2001-02 and \$7,842,200 in 2002-03. The additional funding would be provided as follows: \$1,086,800 GPR annually, -\$1,086,800 FED in 2001-02 and \$1,755,400 FED in 2002-03. Additional GPR is provided to meet the TANF maintenance-of-effort requirement.

[Act 16 Sections: 737, 737am, 1676n and 1695b]

32. COMMUNITY YOUTH GRANTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- \$7,920,300	\$1,000,000	- \$6,920,300

Governor: Reduce funding by \$420,300 in 2001-02 and \$7,500,000 in 2002-03 for community youth grants. Provide \$7,079,700 in 2001-02 for current contractual obligations and eliminate the program in 2002-03. In the 1999-01 biennium, the program provided funding for targeted and competitive grants for services to youth ages five to 18 from TANF-eligible families with income at or below 200% of the federal poverty level. Services include parenting skills training, drug and pregnancy prevention, assessing and identifying learning disabilities, academic remediation and advancement, after-school care programs, cultural awareness programs, career counseling and life management skills training.

Joint Finance: Increase funding by \$500,000 annually for community youth grants and specify that the funding would be designated for the Wisconsin chapters of the Boys and Girls Clubs of America.

Senate: Increase funds for community youth grants by \$250,000 in 2001-02 and \$750,000 in 2002-03 and designate the funds as follows: (a) \$500,000 for community learning centers statewide in 2002-03; and (b) \$250,000 annually for the New Concept Self-Development Center.

The 21st Century Community Learning Centers program is a federal program administered by the U.S. Department of Education that provides grants to rural and inner-city public schools, or a consortia of such schools to provide educational, recreational, cultural, health and social service programs for the community. The program targets funds to high-need communities that have low achieving students and high rates of juvenile crime, school violence and student drug abuse. Each grant cannot exceed three years. Therefore, the grants received by schools in 1998 and 1999 will be expiring in the 2001-03 biennium. Since 1998, two cooperative education service agencies and 28 school districts have received grants totaling \$21,224,598 FED under the program. This action would provide funding to schools with grants expiring during the 2001-03 biennium.

The New Concept Self Development Center provides mental health and counseling to low-income youth in schools and at community sites. Services to youth include individual and family assessment, counseling and conflict resolution, anger management, peer mentors, grief and loss counseling, incarcerated parent counseling, self-esteem building, hygiene and nutritional awareness, parents as partners training and school as partner training.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-50]: Modify the provisions that would have provided \$500,000 annually to the Boys and Girls Clubs of America to reduce the earmark to \$50,000 annually. For 2001-02, the overall allocation for community youth grants is not changed, meaning that \$50,000 is

designated for the Boys and Girls Club of America and \$450,000 is available for new competitive grants under the community youth grant program. For 2002-03, the overall allocation for community youth grants is reduced by \$450,000 but the funds will remain appropriated to DWD. The veto message requests that DOA place this \$450,000 into unallotted reserve in 2002-03.

[Act 16 Sections: 1700b and 9158(8x)]

[Act 16 Vetoed Sections: 1700b and 9158(8x)]

33. LITERACY INITIATIVE

FED	- \$682,400
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Governor/Legislature: Reduce funding by \$28,300 in 2001-02 and \$654,100 in 2002-03 for literacy grants administered by DWD. Provide \$1,375,800 in 2001-02 to support current contractual obligations that end on December 31, 2001, and \$750,000 in 2002-03 for new grants. The funds are currently being used for formula grants, workplace literacy grants and child and family tutoring grants.

[Act 16 Section: 1699b]

34. AODA INITIATIVE

FED	- \$1,500,000
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Governor/Legislature: Reduce funding by \$500,000 in 2001-02 and \$1,000,000 in 2002-03 for grants made to organizations that provide community-based alcohol and other drug abuse (AODA) treatment through the urban/rural women's substance abuse program. The bill would provide \$500,000 in 2001-02 for current contractual obligations that end on December 31, 2001, and would eliminate the program in 2002-03. However, the bill would retain the statutory provision that establishes the program. The grants are distributed through DHFS to organizations that serve TANF-eligible individuals with income at or below 200% of the federal poverty level.

[Act 16 Section: 1703b]

35. EARNED INCOME TAX CREDIT -- CURRENT LAW REESTIMATE [LFB Paper 101]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- \$3,090,000	- \$1,465,500	- \$4,555,500

Governor: Reduce funding by \$2,755,500 in 2001-02 and \$334,500 in 2002-03 to pay the refundable portion of the state earned income tax credit (EITC) with TANF funding. The estimate is based on an assumption that approximately 80% of projected EITC payments will be refundable and will be made to TANF-eligible individuals. Total EITC payments are estimated

at \$63,500,000 in 2001-02 and \$66,500,000 in 2002-03, of which TANF would fund \$51,244,500 in 2001-02 and \$53,665,500 in 2002-03.

Joint Finance/Legislature: Reduce funding by \$1,465,500 in 2002-03 to reflect a reestimate of the cost of the credit under current law. Total EITC payments are estimated at \$63,500,000 in 2001-02 and \$64,700,000 in 2002-03, of which TANF would fund \$51,244,500 in 2001-02 and \$52,200,000 in 2002-03.

[Act 16 Section: 1711b]

36. FUNDING TRANSFER TO COMMUNITY AIDS [LFB Paper 515]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$4,592,200	\$369,600	-\$4,222,600

Governor: Reduce funding by \$4,592,200 in 2002-03 for transfer to DHFS for the social services block grant (SSBG). Under current federal law, states are permitted to transfer up to 10% of their TANF block grant to SSBG in federal fiscal year 2001 pursuant to the Consolidated Appropriations Act, 2001 (PL 106-554), but this amount will change to 4.25% in federal fiscal year 2002, which begins on October 1, 2001. The total amount to be transferred to SSBG under the bill is \$18,086,200 in 2001-02, which reflects a transfer of approximately 10% of the TANF block grant from July, 2001, through September 30, 2001, and a 4.25% transfer from October 1, 2001, through June 30, 2002. For 2002-03, the SSBG transfer would be \$13,494,000, which represents 4.25% of the TANF block grant.

Joint Finance/Legislature: Increase funding transferred to DHFS for community aids by \$369,600 in 2001-02. The amount transferred to SSBG could be increased from the amount in the Governor's budget bill due to receipt of a high performance bonus, which resulted in a higher TANF block grant award for federal fiscal year 2001. The total amount to be transferred to community aids would be \$18,455,000 in 2001-02 and \$13,494,000 in 2002-03. In addition, budget the transfer directly in DHFS starting in 2001-02.

[Act 16 Sections: 732d, 732m, 743dc and 1706b]

37. ADOLESCENT SERVICES/PREGNANCY PREVENTION [LFB Paper 1041]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$26,000	-\$9,600	\$16,400

Governor: Increase funding by \$13,000 annually for adolescent and pregnancy prevention services. These funds are used for the Adolescent Pregnancy Prevention and Pregnancy Services (APPPS) Board and for adolescent substance abuse services administered by DHFS through the Brighter Futures program. Total funding would equal \$1,821,300 annually. The increased funding would be used for information technology support as part of the small agency infrastructure program. The amount of the annual increase was inadvertently overstated in the DWD budget by \$4,800 annually. The correct amount of the increase for the APPPS Board is shown in the DHFS budget at \$8,200 annually and the total allocation should be \$1,816,500 annually.

Joint Finance/Legislature: Reduce funding by \$4,800 annually to correct an inadvertent budgeting error. The total annual allocation would be \$1,816,500 annually.

[Act 16 Section: 1707b]

38. COMMUNITY MARRIAGE COORDINATOR

FED	- \$120,000
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Governor/Legislature: Eliminate funding of \$60,000 annually for a community marriage coordinator in DHFS. The position was created to work with local clergy to assist in the development of community-wide standards for marriages solemnized by members of the clergy in that community. This position has not been filled due to a lawsuit regarding the use of funds for this purpose.

[Act 16 Section: 1709b, 4046g and 4060d]

39. FOOD STAMP EMPLOYMENT AND TRAINING FUNDING

FED	\$3,204,000
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Governor/Legislature: Provide increased FSET funds of \$1,602,000 annually to reflect the amount of federal funds W-2 agencies are anticipated to draw down in excess of the amount provided through the W-2 contracts. FSET administration funds provided in the W-2 contracts are composed of 50% federal funds and 50% GPR, due to federal matching requirements. W-2 agencies are permitted to draw down federal funds in excess of their allocation in the W-2 contracts if they expend their own funds for the required 50% match.

40. MEDICAL ASSISTANCE PROGRAM REVENUE FROM DHFS [LFB Papers 1041 and 1057]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$0	- \$9,446,000	- \$9,446,000

Governor: Include \$8,513,000 PR annually in the TANF budget for the medical assistance portion of the W-2 contracts. The W-2 contracts include funds for determining MA eligibility in W-2 related cases. In prior years, these funds were included in the TANF budget as GPR and FED appropriated to DWD. The bill would transfer GPR and FED funds for MA eligibility determination from DWD to DHFS as described in the entry in this section on the transfer of medical assistance to DHFS. Because of this transfer, MA funds for the W-2 contracts are included in the TANF budget as PR from DHFS. [No dollar change is indicated for this entry because the administration did not increase PR funding in DWD to reflect this new arrangement.]

Joint Finance/Legislature: Reduce funding by \$4,723,000 annually to reflect a decreased amount of TANF funding needed due to an increase in the amount of PR projected to be received from DHFS for MA eligibility determination as part of the W-2 and income maintenance contracts. The amount of PR projected to be received annually from DHFS for MA eligibility determination would be \$13,236,000 annually. Additional PR would be received from DHFS for other aspects of MA administration as reflected in the entry in this section on the transfer of MA administration to DHFS.

41. TANF REVENUE ADJUSTMENTS [LFB Papers 515 and 1041]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$188,460,500	\$461,900	\$188,922,400
PR	- 19,261,000	0	- 19,261,000
TOTAL	\$169,199,500	\$461,900	\$169,661,400

Governor: Increase the amount of federal TANF funding used for W-2 and other TANF-funded programs by \$90,433,800 in 2001-02 and \$98,026,700 in 2002-03 and decrease the amount of PR used by \$8,130,500 in 2001-02 and \$11,130,500 in 2002-03. The FED increase reflects the following changes: (a) an increase of \$11,199,300 annually to compensate for a decrease in the amount of GPR in DWD allocated to fund TANF programs and MA eligibility determination; (b) an increase of \$8,130,500 in 2001-02 and \$11,130,500 in 2002-03 to compensate for a reduction in PR from child support collections assigned to the state by public assistance recipients; (c) an increase of \$33,200 in 2001-02 and \$27,600 in 2002-03 to compensate for a decrease in PR for state fraud collection efforts; (d) a decrease of \$18,086,200 in 2001-02 and \$13,494,000 in 2002-03 to reflect the inadvertent deletion of the transfer of funds to community aids in DHFS; and (e) an increase in TANF funding of \$89,157,000 in 2001-02 and \$89,163,300 in 2002-03 to restore base funding that was transferred from 2000-01 to 1999-00 as part of the 1999-01 budget. The decrease in funding from child support collections primarily reflects lower public assistance caseloads.

Joint Finance/Legislature: Increase the amount of federal TANF funding used for W-2 and other TANF-funded programs by \$51,700 FED in 2001-02 and \$410,200 FED in 2002-03. The FED increase reflects the following changes: (a) a decrease of \$369,600 in 2001-02 to reflect the

Committee's action to budget the transfer of funds to community aids only in DHFS; (b) an increase of \$275,000 annually to compensate for a reduction in the amount of GPR revenue funding local food stamp administration; (c) an increase of \$275,100 annually to compensate for a reduction in the amount of FED revenue funding local food stamp administration; (d) a decrease of \$136,200 in 2001-02 and \$147,300 in 2002-03 due to an increase in the amount of PR funding available to fund elements in the TANF program; and (e) an increase of \$7,400 annually to correct an inadvertent budgeting error.

42. PUBLIC ASSISTANCE COLLECTIONS UNIT [LFB Papers 1041 and 1053]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$87,800	1.00	-\$87,800	- 1.00	\$0	0.00
PR	<u>87,900</u>	<u>1.00</u>	<u>43,900</u>	<u>- 1.00</u>	<u>131,800</u>	<u>0.00</u>
TOTAL	\$175,700	2.00	-\$43,900	- 2.00	\$131,800	0.00

Governor: Provide increased funding of \$37,600 FED and \$37,700 PR in 2001-02 and \$50,200 FED and \$50,200 PR in 2002-03, and provide 1.0 FED and 1.0 PR position annually for the public assistance collections unit in the Division of Unemployment Insurance, which collects overpayments of benefits from AFDC, food stamps, W-2 and child care. The new positions would reduce reliance on limited-term employees and would implement a new levy and lien program for overpayments that was adopted as part of the 1999-01 biennial budget. The federally-funded position would work half-time on TANF-funded programs such as W-2 and child care and half-time on food stamps. The funding for the TANF-funded position of \$18,000 in 2001-02 and \$25,100 in 2002-03 is also reflected in the fraud and front-end verification line item of Table 1 in Item #1. Total funding for TANF related fraud and front-end verification would equal \$680,200 in 2001-02 and \$686,500 in 2002-03. The second position would be funded from program revenue resulting from overpayment collections and would work on all programs. The bill would also allow DWD to perform these services for medical assistance if DHFS chooses to contract with DWD.

Joint Finance/Legislature: Decrease funding by \$37,600 FED in 2001-02 and \$50,200 FED in 2002-03 and delete 1.0 FED position, and increase funding by \$18,800 PR in 2001-02 and \$25,100 FED in 2002-03 and delete 1.0 PR position. The Committee's action would delete the two recommended positions and direct DWD to reallocate 2.0 FTE to the public assistance collections unit. The action would also convert proposed TANF and CCDF expenditures of \$18,800 in 2001-02 and \$25,100 in 2002-03 to PR expenditures to reflect that 0.5 FTE could be supported by PR received from enhanced collections. Under the Governor's budget bill, a portion of the proposed funds for the public assistance collections unit were reflected in the fraud and front-end verification line item in Table 1 in Item #1. However, these funds would more appropriately be placed in the state administration line item. To correct this, this entry

shows a decrease in the funding for local level fraud and front-end verification of \$18,800 FED in 2001-02 and \$25,100 FED in 2002-03.

[Act 16 Sections: 740, 740am, 1685b, 1723m, 1724g, 1724m and 1750]

43. TRANSFER ADMINISTRATION OF MEDICAL ASSISTANCE TO DHFS [LFB Paper 1057]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$61,320,200	- 4.82	\$0	0.00	-\$61,320,200	- 4.82
FED	- 61,320,200	- 8.18	0	0.00	- 61,320,200	- 8.18
PR	0	- 7.00	116,683,200	0.00	116,683,200	- 7.00
Total	-\$122,640,400	- 20.00	\$116,683,200	0.00	-\$5,957,200	- 20.00

Governor: Decrease funding by \$30,660,100 GPR and \$30,660,100 FED annually, and decrease FTE positions in DWD by 4.82 GPR, 8.18 FED and 7.0 PR annually to reflect transfer of certain responsibilities related to the administration of medical assistance from DWD to DHFS. These responsibilities include: (a) administering contracts with local agencies to determine MA eligibility (\$43,183,800 annually); (b) operating and maintaining the MA portion of the CARES computer system (\$14,079,200 annually); and (c) state administration (\$4,057,200 annually). Pursuant to direction in the Governor's veto message for the 1999-01 biennial budget, DWD, DHFS and the Department of Administration negotiated and executed a memorandum of understanding for 2000-01 transferring positions and funding for the MA program to DHFS, with the expectation that these changes would become permanent in the 2001-03 biennial budget.

Contracts for MA Administration

a. Contracting Process Changes for MA

Under current law, DHFS is required to determine eligibility of persons for MA and may designate this function to county departments of social services and human services or to W-2 agencies to the extent permitted by federal law. DWD is responsible for income maintenance contracts, which include local administration of AFDC, W-2, MA or food stamps. DWD is required to contract with county departments of social services and human services in cases where counties are appointed for these contracts.

The bill would require DWD and DHFS to jointly contract for the costs of administering MA with county departments of social services and human services. However, the bill would continue to allow DHFS to also contract with W-2 agencies to determine eligibility for MA, if permitted by federal law or a waiver from the Secretary of the U.S. Department of Health and Human Services. Although not specified in the bill, the administration indicates that the MA program includes BadgerCare for purposes of the bill.

b. Impact on W-2, AFDC and Food Stamps

The bill would delete AFDC from the statutes regarding income maintenance contracts and would require DWD to contract on its own with county departments for administration of W-2 and food stamps. However, under separate provisions of current law, DWD would still be permitted to contract with any person (not just county departments) to administer W-2 and would be required to have food stamp eligibility certification and issuance done by W-2 agencies to the extent permitted by federal law or waiver.

c. Reimbursement Process

Under the income maintenance contracts, counties are currently required to submit claims for reimbursement to DWD and the Department reimburses counties for the costs of administering income maintenance programs based on a workload formula. DWD is also required to reimburse counties for AFDC benefits. DWD is permitted to adjust the reimbursement amounts for workload changes and computer network activities performed by counties.

The bill would require DWD to review and approve claims for reimbursement from counties for administering MA, W-2 and food stamps. DWD would also be required to continue to reimburse each county for the costs of administering MA, W-2 and food stamps based on a workload formula. DWD would no longer be required to reimburse counties for AFDC benefits. While the funds for MA administration would no longer be appropriated to DWD, the bill sets up a mechanism that would allow DWD to receive funds from DHFS that would in turn be paid to counties. The bill would also allow reimbursement amounts to be reduced if federal reimbursement is withheld due to audits, quality control samples or program reviews.

All of the provisions relating to changing the contracting process for income maintenance programs would first apply to contracts entered into, extended, modified or renewed on the day after publication of the bill.

Fraud and Error Reduction

The bill would provide DHFS with the option to either contract with DWD or set up its own system for fraud investigation and error reduction for recipients of MA. Under current law, DWD is required to: (a) establish a program to investigate suspected fraudulent activity involving the MA, AFDC and food stamp programs; (b) conduct activities to reduce payment errors for these programs; (c) provide funds to counties and tribes administering these programs to offset administrative costs of reducing payment errors; (d) conduct a program to periodically match records of MA, AFDC and food stamp recipients against records of recipients in other states; (e) conduct a program to periodically match the address records of MA, AFDC and food stamp recipients to verify residency and to identify recipients receiving duplicate or fraudulent payments; (f) conduct a program to periodically match the records of persons confined in state correctional facilities with the records of recipients of these programs who may be ineligible for benefits; and (g) conduct a program to periodically verify the

eligibility of AFDC and W-2 participants through a check of school enrollment records. Under current law, there is also a PR appropriation for moneys received as the state's share of overpayment of public assistance benefits. These funds must be used for activities to reduce error and fraud in the food stamp, AFDC, W-2 and MA programs.

The bill would modify these provisions to allow DHFS to contract with DWD to continue to investigate suspected fraudulent activity and reduce payment errors for the MA program. The bill would also provide DHFS with the option to establish its own program to conduct these activities. In addition, the bill would delete the references to the AFDC program in DWD's duties to establish programs to conduct activities to reduce payment errors and to provide funds to counties and tribes for reducing payment errors since these programs only involve current public assistance recipients. However, references to AFDC would remain for the requirements to investigate suspected fraudulent activity, match records with other states, match address records, and match records with state correctional facilities since DWD is still investigating fraudulent activity and overpayments for past AFDC recipients. If DHFS contracts with DWD for these activities, the bill would require DHFS to cooperate with DWD in matching records of MA recipients with school enrollment records of AFDC and W-2 recipients. The bill would also modify the PR appropriation in DWD for moneys received as the state's share of overpayment of public assistance benefits to require it to be used for MA fraud investigation only if DHFS contracts with DWD for fraud investigation.

Appropriations Structure

The bill would modify the appropriations in DHFS to allow DHFS to use GPR funds set aside for general program operations for medical assistance eligibility determinations. The bill would create a GPR appropriation to be used for payments to counties for MA administration and would modify an existing GPR appropriation to be used for other MA administrative costs. The bill would also create a FED appropriation in DHFS to be used for payments to counties for administration of MA and would modify an existing FED appropriation to be used for other MA administrative costs.

Position Transfers

The bill would transfer 20.0 FTE positions from DWD to DHFS. Once in DHFS, these positions would include 10.0 FED positions and 10.0 GPR positions. The bill would decrease the authorized FTE in DWD by 7.0 PR positions, including 6.50 positions from the Administrative Services Division, 0.30 positions from worker's compensation operations, and 0.20 positions from the local agreements appropriation. Once transferred to DHFS, these 7.0 positions would be added to DHFS as 5.18 GPR positions and 1.82 FED positions. In addition, the bill would transfer 8.18 FED positions and 4.82 GPR positions from DWD to DHFS. All position changes and transfers would take effect the day after publication of the bill. The bill would require any incumbent employees to be transferred.

The bill would require DWD and DHFS to jointly determine which employees will be transferred and to jointly develop a plan to implement the transfer. The Secretary of DOA

would be required to resolve any disagreement between the departments and develop a plan to transfer the positions. The bill would specify that transferred employees would have the same personnel status in DHFS as they had in DWD immediately before the transfer. Finally, the bill would provide that transferred employees that have attained permanent status would not have to serve a probationary period.

Joint Finance/Legislature: Specify that the income maintenance contracts would include food stamps, medical assistance and BadgerCare and would be administered solely by DHFS, effective January 1, 2003. Until that date, specify that DWD and DHFS would jointly contract for the costs of administering both BadgerCare and MA through the income maintenance contracts. In addition, specify that until December 31, 2002, DWD would be required to contract with counties for administration of the food stamp program and child care subsidies as part of the income maintenance contracts. As of January 1, 2003, DWD would have separate contracts with counties for administration of child care. Further, delete W-2 from the definition of the income maintenance program as of the effective date of the budget bill and require DWD to continue to have separate contracts with W-2 agencies for administration of W-2 and related programs. In addition, make technical changes to delete the statutory definition of "income maintenance worker" and allow the Departments to contract with tribes for MA and food stamp administration.

Further, adjust DWD's appropriation to reflect \$58,341,600 PR annually anticipated to be received under the bill from DHFS for payments to counties for eligibility determination through the income maintenance contracts, CARES maintenance and other administrative functions. In addition, specify that these funds would be placed in unallotted reserve in DWD.

In addition, specify that DWD would be responsible for fraud investigation and error reduction for recipients of MA through June 30, 2002. As of July 1, 2002, provide DHFS with the option to either contract with DWD or set up its own system for fraud investigation and error reduction for recipients of MA. No funding or positions would be transferred to DHFS for this function but DWD and DHFS would be directed to submit a proposal to DOA outlining the funding amounts and positions that would be transferred. DOA would be directed to report to the Joint Committee on Finance with recommended funding and position transfers by March 1, 2002, for the Committee's approval at its quarterly meeting under s. 13.10. All funding and position transfers would take effect on July 1, 2002.

[Act 16 Sections: 705 thru 707am, 714, 714am, 716, 737, 737am, 740am, 1660xa, 1724g thru 1725b, 1727 thru 1730b, 1731g thru 1740bg, 1749, 1750, 1790, 9123(6), 9158(6) and 9358(7q)]

44. FOOD STAMP REINVESTMENT [LFB Paper 1056]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,000,000	- \$450,000	\$550,000
PR	0	1,950,000	1,950,000
TOTAL	\$1,000,000	\$1,500,000	\$2,500,000

Governor: Provide increased funding of \$1,000,000 in 2001-02 and reallocate \$500,000 previously set aside for administrative costs to be used for food stamp reinvestment activities required to satisfy federal sanctions for payment errors. Total funding for food stamp reinvestment activities would equal \$1,500,000 over the biennium. The federal government maintains a system of relative standards that imposes penalties and rewards based on how states' payment error rates compare to each other. Those states that have error rates above the national average are penalized according to how much their error rate in a given year exceeds the national average. States below the national average error rate receive incentive funds. States are allowed to reduce and satisfy their penalty by "reinvesting" new state funds into activities to reduce the error rate. Although not specified in the bill, the administration indicates that reinvestment activities would include participant outreach and other error reduction projects.

According to DWD, Wisconsin owes a total of \$2,294,840 to the federal government: \$1,224,813 for current reinvestment commitments through federal fiscal year (FFY) 1998-99, and an additional \$1,070,027 for not sufficiently reducing the state's error rate. There will also be additional penalties from the FFY 1999-00 error rate but that amount will not be known until April, 2001. A total of \$618,367 must be spent by May 1, 2003, \$606,446 must be spent by September 30, 2003, and the deadline for expending the remaining \$1,070,027 and any additional penalties will likely be in 2004.

The bill would also require DWD to reallocate \$500,000 previously set aside for administrative costs that may not be approved by the federal government. On September 25, 1998, the Joint Committee on Finance required DWD to allocate \$500,000 of federal moneys to reimburse the federal government for expenditures made in fiscal year 1996-97 to cover the administrative costs of various DWD programs if the federal Departments of Labor and Health and Human Services did not approve the expenditures. These funds have not been used because the cost allocation plan has not yet been approved by the federal government.

Joint Finance/Legislature: Increase funding by \$975,000 PR annually and reduce GPR by \$450,000 in 2001-02 for food stamp reinvestment activities. The new allocation would be \$1,525,000 in 2001-02 and \$975,000 in 2002-03 for a total of \$2,500,000 over the biennium.

Under current law, the food stamp program is administered by DWD. As discussed in a separate entry in this section, the Committee would transfer the food stamp program to DHFS on July 1, 2002. Food stamp reinvestment functions would also be transferred as of that date.

The Committee would allow penalties paid by counties and tribes to be used for food stamp reinvestment activities by making the changes discussed below. Modify s. 20.445(3)(L) of the statutes to do the following: (a) allow the appropriation to receive funds from counties or tribal governments from penalties levied on counties for food stamp payment errors from the effective date of the budget bill until June 30, 2002; (b) allow the appropriation to be used to pay sanctions imposed on the state under the food stamp program or to fund food stamp reinvestment activities until June 30, 2002; and (c) allow the appropriation to be used for both local and state activities. In addition, repeal s. 20.445(3)(Lm) and transfer all unencumbered continuing balances in the appropriation to s. 20.445(3)(L). Further, delete language in s. 49.197(3) requiring DWD to fund all fraud and error reduction activities under 20.445(3)(L) since some error reduction activities would not be funded under that appropriation. In addition, create a new appropriation in DHFS, effective July 1, 2002, that would receive funds from counties or tribal governments from penalties levied on counties for food stamp payment errors and could be used to pay sanctions imposed on the state under the food stamp program or to fund food stamp reinvestment activities.

The increased PR revenue in DWD of \$975,000 annually reflects monies anticipated to be received from penalties levied on counties for food stamp payment errors and existing excess revenue from overpayment collections. GPR in DWD would be reduced by \$450,000 in 2001-02 to reflect a net reduction in the amount of GPR needed for food stamp reinvestment activities.

Funding for food stamp reinvestment would only be appropriated in DWD. DOA would be directed to report to the Joint Committee on Finance with recommended funding transfers by March 1, 2002 for the Committee's approval at its 2002 first quarterly meeting under s. 13.10. All funding transfers would take effect on July 1, 2002.

[Act 16 Sections: 740, 740am, 740f, 1678, 1724g thru 1725am, 9158(8) and 9258(2q)]

45. PUBLIC ASSISTANCE REFORM STUDIES APPROPRIATION

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR-REV	\$1,200,000	\$0	\$1,200,000
GPR	\$0	-\$877,000	-\$877,000

Governor: Require \$1,200,000 from DWD's continuing GPR appropriation for welfare reform studies to be transferred to the general fund on the effective date of the bill. These funds were allocated in previous years to study the effectiveness of various welfare reform programs. The bill would continue to provide \$525,300 GPR annually for public assistance reform studies.

Assembly: Decrease funding for public assistance reform studies by \$438,500 annually. The new allocation would be \$86,800 annually and would count towards the TANF maintenance-of-effort requirement.

Conference Committee/Legislature: Eliminate funding of \$525,300 annually for public assistance reform studies and delete the appropriation. Part of this reduction (\$86,800 annually) is reflected in the entry in this section on state administration. Delete the nonstatutory provision requiring DWD to transfer \$1,200,000 to the general fund since this transfer would be accomplished by eliminating the appropriation.

[Act 16 Sections: 736t and 1678]

46. FEDERAL APPROPRIATIONS STRUCTURE [LFB Paper 1054]

Governor: Change the federal appropriations that fund federal block grant operations and federal block grant aids to sum-certain, continuing appropriations. Under current law, these are annual appropriations. These appropriations fund W-2, child care programs, other TANF-funded allocations and administration of other public assistance programs. In addition, make technical wording changes to the provisions allowing for redistribution of TANF funds among allocations. Further, specify that if the amount of federal block grant funds required to be credited are less than the amounts appropriated, DWD would be required to submit a plan to DOA for reducing the amounts allocated under the statutes. DWD would be required to implement the plan upon approval by DOA. Finally, require DWD to submit an annual report of expenditures in the TANF program to DOA.

Joint Finance/Legislature: Maintain DWD's federal block grant aids and operations appropriations as annual appropriations. In addition, modify the Governor's recommendation to require DWD to submit an annual report of expenditures in the TANF program to both the Secretary of the Department of Administration and the Joint Committee on Finance by November 1st of each year.

Make the following clarifying statutory changes: (a) modify the general definition of "continuing appropriations" to clarify that PR, FED and SEG continuing appropriations can be provided on a sum-certain basis; and (b) modify the statutes to clarify that DWD, subject to approval by DOA, can only reallocate funds among allocations within a specific fiscal year and that funds can only be reallocated for purposes permitted by the original appropriation.

Veto by Governor [C-45]: Delete the provisions that would have clarified that DWD, subject to approval by DOA, could only reallocate funds among allocations within a specific fiscal year and that funds could only be reallocated for purposes permitted by the original appropriation. In addition, delete the provision that would have required DWD to submit an annual report of expenditures in the TANF program to DOA and the Joint Committee on Finance by November 1st of each year. However, the veto message directs DWD to submit an annual report to the Secretary of DOA on TANF expenditures for the previous fiscal year.

[Act 16 Sections: 390d, 1715, 1716m and 1717g]

[Act 16 Vetoed Sections: 255p, 1716o, 1716q and 1718]

47. SUBSTANCE ABUSE SERVICES [LFB Paper 517]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	-\$2,000,000	-\$2,000,000
FED	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
TOTAL	\$0	\$0	\$0

Governor: Modify the provisions regarding substance abuse services provided by DHFS in Milwaukee County that count towards the TANF maintenance-of-effort (MOE) requirement. Under current law, \$5,000,000 GPR is provided annually to DHFS for competitive grants in Milwaukee County for the provision of alcohol and other drug abuse services to individuals who are eligible under federal TANF law and who have family income of not more than 200% of the federal poverty level. The bill would eliminate the provision that requires the grants to only be distributed in Milwaukee County. In addition, at the end of the 1999-00 fiscal year, DHFS was required to transfer to DWD the difference between the \$5,000,000 appropriation and the amount expended or encumbered in order to help DWD meet the TANF maintenance-of-effort requirement. The bill would modify this provision by requiring DHFS to transfer to DWD all funds allocated for substance abuse grants that have not been expended on June 30 of each year.

Joint Finance: Specify that the effective date of the statutory changes proposed by the Governor would be January 1, 2002. Reduce funding in DWD by \$1,000,000 GPR annually and increase GPR funding in DHFS by the same amount to be used for substance abuse services. The \$1,000,000 annual funding in DHFS would count towards the TANF MOE requirement. Increase TANF funding in DWD by \$1,000,000 FED annually to replace the GPR. Specify that no less than \$2,000,000 of the total annual grant funding be awarded to Milwaukee County or private, nonprofit organizations in Milwaukee County. In addition, specify that no more than \$4,000,000 of the total annual grant funding be awarded to counties and private, nonprofit organizations throughout the state, including in Milwaukee County, based on the distribution of families with income at or below 200% of the federal poverty level.

Assembly: Reduce funding that would be provided for substance abuse services grants in DHFS by \$1,000,000 annually so that base funding (\$5,000,000 per year) would continue to be available for grants. In addition, delete the provision that would specify that no less than \$2,000,000 of the total annual grant funding would be awarded to Milwaukee County or private, nonprofit organizations in Milwaukee County and that remaining grant funds would be distributed based on the distribution of families with income at or below 200% of the federal poverty level.

Conference Committee/Legislature: Restore the current law allocation in DHFS of \$5,000,000 GPR annually by decreasing GPR in DHFS by \$1,000,000 annually compared to Joint Finance. In addition, retain the funding changes in DWD adopted by Joint Finance to reduce funding by \$1,000,000 GPR annually and increase TANF funding by \$1,000,000 FED annually.

Further, delete the statutory provisions recommended by the Governor and Joint Finance that would make the program statewide and create a set-aside for Milwaukee County. This action would restore current law so that the program would only serve Milwaukee County. Retain the provision recommended by the Governor requiring DHFS to transfer to DWD all funds allocated for substance abuse grants that have not been expended on June 30 of each year. The statutory changes would take effect on the effective date of the budget bill.

[Act 16 Sections: 725 and 737]

48. TRANSPORTATION PROGRAMS

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
FED	- \$2,000,000	- \$200,000	- \$2,200,000

Joint Finance: Reduce TANF funding for transportation programs for TANF-eligible individuals by \$1,000,000 annually. The new allocation would be \$1,000,000 annually. TANF funds for transportation assistance are combined with other funding sources as part of the Wisconsin Employment Transportation Assistance Program (WETAP) programs.

Assembly: Reduce funding for transportation programs by an additional \$1,000,000 annually. There would be no funding remaining in this allocation.

Conference Committee/Legislature: Reduce funding by \$100,000 annually compared to Joint Finance, for a total allocation of \$900,000 annually.

[Act 16 Section: 1696b]

49. EARLY CHILDHOOD EXCELLENCE INITIATIVE [LFB Papers 1041 and 1046]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
FED	- \$1,354,100	\$500,000	- \$854,100

Joint Finance: Increase funding by \$3,645,900 in 2001-02 and reduce funding by \$5,000,000 in 2002-03 for the early childhood excellence initiative. This program provides grants to develop early childhood centers for children under age five who come from families with incomes at or below 200% of the federal poverty level. The centers provide child care, educational services, outreach and training for parents serviced by the center and training for child care providers. A local matching contribution of 25% is required. Those who receive training under the grant may in turn apply for a grant to establish an early childhood program.

Under the Governor's bill, \$7,500,000 would be provided in 2001-02 for contractual obligations through December 31, 2001, and \$7,500,000 would be provided in 2002-03 for new grants. Under the Joint Finance budget, funding would be increased by \$3,654,900 to reflect a reestimate of the amount of funding to be carried over into 2001-02. In addition, the amount of funding for new grants in 2002-03 would be reduced by \$5,000,000. The new allocation would be \$11,145,900 in 2001-02 and \$2,500,000 in 2002-03.

Senate: Increase funds for the early childhood excellence initiative by \$250,000 annually and specify that the funds would be designated for La Causa, Inc., to provide day care services to residents of the south side of Milwaukee. In addition, specify that \$50,000 in 2002-03 from the funds designated for the early childhood excellence initiative would be provided to the Noel Learning Center in Stevens Point, which provides early childhood education services. Further, specify that the funds allocated to Noel Learning Center would be used to subsidize child care for recipients based upon their ability to pay.

Conference Committee/Legislature: Increase funds for the early childhood excellence initiative by \$250,000 annually and specify that the funds would be designated for La Causa, Inc., to provide day care services.

[Act 16 Sections: 1692m and 9158(10d)]

50. EARLY PREGNANCY IDENTIFICATION [LFB Paper 1046]

FED	- \$200,000
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Joint Finance/Legislature: Delete TANF funding of \$100,000 annually for the early pregnancy identification program in DHFS. This program provides outreach activities to make low-income pregnant women aware of the importance of early prenatal and infant health care, and of the availability of medical assistance and other programs to support prenatal and infant care.

[Act 16 Section: 1706m]

51. CHILD WELFARE SAFETY SERVICES [LFB Paper 506]

GPR	\$14,188,200
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Joint Finance/Legislature: Increase funding in DWD by \$7,094,100 GPR annually to meet the TANF MOE requirement and decrease GPR funding in DHFS for child welfare safety services in Milwaukee County by the same amount. This would free up \$7,094,100 in TANF funds annually that would be used for child welfare safety services provided in Milwaukee County by DHFS. These services are provided where child abuse or neglect issues have been identified but DHFS has determined that the child or children can remain at home safely if appropriate services are provided. Safety services can include: (a) supervision, observation, basic parenting assistance, social and emotional support and basic home management; (b) child

care; (c) alcohol and substance abuse services and screening; (d) family crisis counseling; (e) mental health services; (f) respite care; (g) housing assistance; and (h) transportation.

[Act 16 Section: 1709d]

52. CHILD WELFARE PREVENTION SERVICES [LFB Paper 506]

GPR	\$2,979,200
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Joint Finance/Legislature: Increase funding by \$1,489,600 GPR annually to provide funds to meet the TANF MOE requirement and decrease GPR funding in DHFS for child welfare prevention services in Milwaukee County by the same amount. This would free up \$1,489,600 in TANF funds annually that would be used for child welfare prevention services provided in Milwaukee County by DHFS. These funds are currently provided to Community Advocates, Inc., which serves as a lead agency to coordinate, implement, evaluate and manage a comprehensive and collaborative prevention program. In addition, the lead agency sub-contracts with community-based organizations to provide services to families to prevent child abuse and neglect in Milwaukee County.

[Act 16 Section: 1709f]

53. JOINT COMMITTEE ON FINANCE AUTHORITY TO REVIEW EXPENDITURES OF FEDERAL TANF AND CHILD CARE BLOCK GRANT FUND [LFB Paper 1055]

Joint Finance/Legislature: Require DWD to obtain approval from the Secretary of DOA and the Joint Committee on Finance, through a 14-day passive review process, for any proposed reallocation within the TANF program if the amount exceeds 5% per allocation per year. Under current law, s. 49.175 directs DWD to allocate funding from several state and federal appropriations for individual components of the TANF program. The provision also permits DWD, with the approval of the Secretary of DOA, to reallocate funds among the allocations listed in 49.175. Approval by the Joint Committee on Finance is not currently required.

Veto by Governor [C-45]: Delete the provisions that would have set a 5% threshold for Joint Finance Committee approval of reallocations within the TANF program. Under the Governor's veto, DWD will continue to be able to reallocate funds within the TANF program upon approval of DOA. The veto message directs DWD to not request any reallocation that transfers more than 10% from one allocation to another.

[Act 16 Vetoes Sections: 1716m, 1716s and 1716v]

54. TRANSFER OF FOOD STAMP PROGRAM TO DHFS

Joint Finance/Legislature: Transfer responsibility for administration of the federal food stamp program from DWD to DHFS, effective July 1, 2002, and require DHFS to contract with DWD for the administration of the food stamp employment and training program. Under

current law, DWD administers the federal food stamp program, the FSET program and the state food stamp program for qualified immigrants.

Under current law, DWD has income maintenance contracts with counties that include food stamps, MA, W-2 or child care. Specify that the income maintenance contracts would include food stamps, MA and BadgerCare and would be administered solely by DHFS, effective January 1, 2003. Until that date, specify that DWD and DHFS would jointly contract for the costs of administering both BadgerCare and MA through the income maintenance contracts. In addition, specify that until December 31, 2002, DWD would be required to contract with counties for administration of the food stamp program and child care subsidies as part of the income maintenance contracts. As of January 1, 2003, DWD would have separate contracts with counties for administration of child care. Further, delete W-2 from the definition of the income maintenance program as of the effective date of the budget bill and require DWD to continue to have separate contracts with W-2 agencies for administration of W-2 and related programs.

DWD is currently required to conduct state and local error reduction, overpayment collections and record matching for the food stamp program. The Committee's action would allow DHFS to either set up its own system to conduct these activities or contract with DWD for these functions.

Currently, the CARES computer system is housed in DWD. The system is used to determine eligibility for multiple public assistance programs, including food stamps, MA, W-2, child care and other TANF-funded programs. It also performs case management and payment processing functions. The Committee's action would not make any changes to the administration of the CARES computer system.

Finally, no funding or positions would be transferred as part of the action. Instead, DWD and DHFS would be directed to submit a proposal to DOA outlining the funding amounts and positions that would be transferred. DOA would be directed to report to the Joint Committee on Finance with recommended funding and position transfers by March 1, 2002 for the Committee's approval at its quarterly meeting under s. 13.10. All funding and position transfers and statutory changes would take effect on July 1, 2002.

[Act 16 Sections: 704x, 707am, 713k, 714am, 716gb, 737am, 740am, 743m thru 743r, 1656sy thru 1656tr, 1656ts thru 1656ty, 1656tz thru 1656uw, 1663j, 1686a, 1686b, 1723m, 1724g thru 1725c, 1728m thru 1730b, 1731gc, 1732c, 1737c, 1740bq, 1750, 1790, 1835k, 1838sb thru 1838td, 1838v, 1839m, 1840g, 2200c, 2544m, 9158(9q), 9358(7q)&(7r) and 9458(2q)]

55. UNCLAIMED IMPOUNDED VEHICLES

Joint Finance: Require DWD, in consultation with the Department of Transportation and local governmental entities, to conduct a study of the feasibility of a program that would provide or sell unclaimed impounded vehicles to low-income individuals at below-market

prices. Further, require DWD to submit the findings of the study to the Joint Committee on Finance and other appropriate standing committees by June 30, 2002.

Assembly: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

Veto by Governor [C-52]: Delete provision.

[Act 16 Vetoed Section: 9158(3f)]

56. NORTHWEST SIDE COMMUNITY DEVELOPMENT CORPORATION

Senate: Provide \$250,000 in 2001-02 to the Northwest Side Community Development Corporation for a manufacturing job training program at the Tower Automotive site. Specify that individuals receiving job training services must be eligible for services under the TANF block grant. In addition, specify that no funds could be distributed unless DWD determines that the use of funds is an eligible use under the TANF block grant.

Conference Committee/Legislature: Delete provision.

57. AFTER-SCHOOL CARE GRANT PROGRAM

FED	\$150,000
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Senate/Legislature: Provide \$150,000 in 2002-03 in TANF funds to the Department of Public Instruction to fund an after-school care program for pupils who are eligible to receive TANF assistance and who would otherwise be unsupervised by an adult in the afternoon after school. In addition, require the state Superintendent of Public Instruction to award the grants and to ensure that the grants are evenly distributed among rural, suburban and urban school districts, to the extent feasible.

Veto by Governor [C-51]: Delete the provisions that would have created the program and delete the statutory allocation of \$150,000 in 2002-03. The PR-S appropriation in DPI is deleted but the federal funds remain appropriated to DWD. In the veto message, the Governor requests DOA to place these funds in unallotted reserve.

[Act 16 Vetoed Sections: 560d, 743dc, 1714d, 2779m and 9140(6w)]

58. BADGER CHALLENGE

FED	- \$73,000
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Assembly: Delete TANF funding of \$83,200 annually to reflect suspension of the Badger Challenge program. Badger Challenge is a two-phase program at Fort McCoy for 14- to 16-year-old youth at risk of dropping out. Phase I consists of a six-week residential stay where cadets

participate in activities to improve anger management, teamwork, leadership, following and personal growth. Phase II consists of post-residential mentoring with community volunteers.

Conference Committee/Legislature: Delete funding of \$83,200 in 2001-02 and increase funding by \$10,200 in 2002-03 to reflect suspending the program only in 2001-02 and reinstating funding at a higher amount in 2002-03. The allocation would be \$0 in 2001-02 and \$93,400 in 2002-03

[Act 16 Sections: 1013m and 1710b]

59. W-2 EDUCATION AND TRAINING

Senate: Make changes to the education and training requirements for W-2 participants in the following areas: (a) treatment of financial aid income for W-2 eligibility determination; (b) maximum education and training hours; (c) education for 18- and 19-year olds; (d) employer sponsored training; and (e) technical college education.

Treatment of Financial Aid Income. Under current law, participants in W-2 employment positions, job access loan recipients and individuals who receive a child care subsidy under the Wisconsin Shares program must meet income limitations. All earned and unearned income is counted as gross income, except for W-2 benefits, federal and state earned income tax credits, income earned by a dependent child of an individual and child support. Modify the definition of earned income for purposes of determining eligibility for W-2 employment positions, job access loans and the Wisconsin Shares child care subsidy program to exclude student financial aid received from any federal or state program and any scholarship income used for tuition or books. These provisions would first apply to eligibility determinations made on the effective date of the budget bill.

Maximum Education and Training Hours. Under current law, W-2 agencies must require participants in community service jobs to work up to 30 hours per week and may require participants to participate in education and training activities for up to 10 hours per week. For transitional placements, participants must work up to 28 hours per week and may be required to participate in education and training activities for up to 12 hours per week. Modify these provisions to allow participants in community service jobs and transitional placements to participate in education and training for up to 20 hours per week, but limit the overall participation requirement to 40 hours per week. In addition, require that no participant be assigned work activities that would interfere with the participant's education or training activities under: (a) a community service job or transitional placement; (b) coursework undertaken by 18- to 19-year-olds towards a high school diploma or a declaration of equivalency of high school graduation; or (c) the college program for community service job participants and transitional placements.

Education for 18- and 19-year-olds. For participants ages 18 to 19, specify that education courses towards a high school diploma or a declaration of equivalency of high school graduation would satisfy all hours required for community service jobs. Currently, these courses can partially or fully satisfy all required hours.

Employer-Sponsored Training. Under current law, DWD is required to establish what constitutes allowable education and training activities by rule, which must include GED courses, technical college courses, educational courses that provide an employment skill, English as a second language and adult basic education. DWD has not established any additional allowable activities by rule. Specify that employer-sponsored training is an allowable education and training activity for W-2 participants.

Technical College Program. Current law allows W-2 participants in community service jobs and transitional placements to participate in a technical college program. This program allows participants to exceed the maximum number of hours otherwise allowed for education. All the following requirements must be met to participate in the technical college program: (a) the W-2 agency, in consultation with the community steering committee required under W-2, and the technical college district board, determines that the technical college program is likely to lead to employment; (b) the participant maintains full-time status in the technical college education program, as determined by the technical college, and regularly attends all classes; (c) the participant maintains a grade point average of at least 2.0, or the equivalent as determined by the technical college; and (d) the participant is employed or engages in a community service job or transitional placement for 25 hours per week. Participants can be in this program for a maximum of two years. The W-2 agency is required to work with the community steering committee and the technical college district board to monitor the participant's progress and the effectiveness of the program in leading to employment. Under current DWD policy, if an individual is determined to be ready for unsubsidized employment or obtains unsubsidized employment, W-2 agencies are not required to place or keep the participant in a community service job or transitional placement in order to allow the participant to participate in the technical college program.

Modify these provisions to allow participants in unsubsidized employment, community service jobs and transitional placements to elect to participate in a self-initiated technical college program or a self-initiated two-year degree program offered by a University of Wisconsin two-year college campus. However, the W-2 agency, in consultation with the community steering committee and technical college district board or college campus, would still have to determine that the college program is likely to lead to employment. In addition, the requirement that such participants be employed or work in a community service job or transitional placement for 25 hours per week would be changed to a maximum of 25 hours per week. For individuals in unsubsidized employment and the college program, the grant amounts would be prorated as follows: 1/3 of the community service job grant amount for those participating in a technical college program for up to 10 hours per week, one-half of the community service job grant amount for those participating for 11 to 15 hours per week, and 2/3 of the community service

job grant amount for those participating for 16 to 20 hours per week. These participants would receive a sanction of \$5.15 per hour for each hour of assigned activities missed without good cause. W-2 agencies would not be required to pay tuition for participants in the program.

Conference Committee/Legislature: Include Senate provisions on treatment of financial aid income and employer-sponsored training.

[Act 16 Sections: 1660hb thru 1660jv and 9358(8x)]

60. W-2 FAMILY VIOLENCE OPTION

Senate: Implement the family violence option allowed under federal TANF law. This option allows states to waive any eligibility requirement for certain individuals who are victims of domestic abuse if the state determines that the individual's compliance with the requirement would make it more difficult for the individual to escape domestic abuse or would unfairly penalize individuals who are or have been victimized by domestic abuse or are at risk of domestic abuse. The state has not opted to implement the family violence option to date.

Allow DWD or a W-2 agency to temporarily waive certain W-2 program eligibility requirements for individuals who are victims of domestic abuse. Domestic abuse would be defined as any of the following: (a) physical acts that result in, or threaten to result in, physical injury to an individual; (b) sexual abuse; (c) sexual activity involving a dependent child; (d) being forced to engage in nonconsensual sexual acts or activities; (e) threats of, or attempts at, physical or sexual abuse; (f) mental abuse; or (g) neglect or deprivation of medical care. Permit a W-2 agency to temporarily waive any required hours of work, education, training or other activities for a participant in a trial job, community service job or transitional placement if the W-2 agency determines that the participant's compliance would make it more difficult for the participant to escape domestic abuse or would unfairly penalize individuals who are or have been victimized by domestic abuse or who are at risk of domestic abuse. Further, specify that domestic abuse counseling would count toward hours worked.

Specify that good cause for missing assigned activities and for not cooperating with paternity establishment and efforts to obtain child support would include a determination by a W-2 agency that meeting required hours of work or education or training activities would make it more difficult for the individual to escape domestic abuse or would unfairly penalize the individual. Under current law, good cause for missing assigned activities also includes making required court appearances for victims of domestic abuse.

Permit DWD to extend the overall time limit for participation in the W-2 program, as well as the time limits for participation in each employment position category, if the W-2 agency determines that the individual's compliance with the time limits would make it more difficult for the participant to escape domestic abuse or would unfairly penalize individuals who are or have been victimized by domestic abuse or who are at risk of domestic abuse. In addition, allow

individuals to petition W-2 agencies for review if they believe they should have been granted an extension under these provisions.

For any requirement waived or extension granted, require the W-2 agency to prepare a services plan specifying the requirements that the participant is not required to meet, the length of time the waiver or extension is in effect, and any services that may be provided to the participant. W-2 agencies would be required to review the services plan every six months.

Require W-2 agency employees that determine eligibility or review progress in W-2, to be trained in domestic abuse issues. W-2 agencies would be required to notify individuals, orally and in writing, that they may not be required to meet certain requirements if they are victims of domestic abuse, that any information regarding domestic abuse will be confidential and that counseling and supportive services are available. W-2 agencies would be required to provide this notification at the time an individual applies for W-2 and at the time eligibility is reviewed. If an individual is identified as a victim of domestic abuse, the W-2 agency would have to provide the individual with information on domestic abuse services and providers available in the community.

Finally, require DWD to promulgate rules to specify the procedures for notifying individuals of the family violence option, screening victims of domestic abuse and for training W-2 agency employees on domestic abuse issues. Prior to promulgating rules, DWD and the W-2 agencies would be required to consult with various domestic violence and sexual assault organizations, including the Milwaukee Commission on Domestic Violence and Sexual Assault.

These provisions would take effect on the first day of the sixth month beginning after publication of the budget bill and would apply to eligibility determinations and petitions for review made on that date.

Conference Committee/Legislature: Require DWD to promulgate rules to specify the procedures for screening victims of domestic abuse and for training W-2 agency employees on domestic abuse issues. Specify that if an individual is identified as a victim of domestic abuse, the W-2 agency would have to provide the individual with information on domestic abuse services and providers available in the community.

[Act 16 Section: 1660p]

61. LIMITATION ON ADMINISTRATIVE SALARIES CHARGED TO THE W-2 CONTRACTS

Senate: Limit the amount of any administrator's or subcontractor's cash compensation that can be charged to the W-2 agency contracts to the salary of the current Governor as specified in the biennial compensation plan for elected officials. There are two pay levels for the Governor, one for incumbents and one for a newly-elected Governor. The incumbent's rate of

pay is frozen for four years, while the rate for a newly-elected Governor is adjusted annually. The actual salary of the current Governor would be used as the limit. In 2000-01, the Governor's salary was \$122,406 per year.

Conference Committee/Legislature: Delete provision.

62. BONUSES PAID TO W-2 AGENCY STAFF AND SUBCONTRACTORS

Senate: Specify that any bonuses paid to W-2 agency staff and subcontractors' staff must be based on an individual's success in helping W-2 participants increase their household income over the federal poverty level. In addition, require DWD to establish criteria against which an individual's performance must be measured in determining whether staff bonuses may be paid. Further, require the W-2 agencies to report quarterly to DWD on bonuses paid to agency staff and subcontractors' staff. This provision would be effective for W-2 contracts which begin on January 1, 2002. There are not any provisions under current law regarding bonuses paid to W-2 agency staff and staff of subcontractors.

Conference Committee/Legislature: Delete provision.

63. PUBLIC RELATIONS BY W-2 AGENCIES

Senate/Legislature: Prohibit W-2 agencies from using funds from the W-2 agency contracts for public relations purposes not specifically related to community outreach and informing participants about available services. Under current law, there are no specific provisions regarding the use of funds in the W-2 contracts for public relations.

Veto by Governor [C-44]: Delete provision.

[Act 16 Vetoed Section: 1660d]

64. W-2 PAY PERIOD

Senate: Specify that the participation period for a W-2 employment position must be from the 26th day of one month to the 25th day of the next month. In addition, require DWD to issue benefit payments on the first day of the month after the participation period ends, based on the number of days the individual participated during the participation period.

There are not currently any statutory or regulatory provisions on the W-2 pay period. Under DWD's Wisconsin Works manual, the pay period currently runs from the 16th day of one month to the 15th day of the next, with payment on the 1st day of each month. If participation begins between the 1st and 15th day of the month, a prorated payment is issued in the first month and a full benefit payment is made in subsequent months. If participation begins between the

16th and last day of Month A, a prorated initial payment is provided in two parts: (a) the first partial payment is provided after the first day of the following month (Month B) to cover participation from the beginning date to the end of Month A; and (b) the second payment is issued on the first day of the third month (Month C) for participation from the first day through the 15th day of Month B. The first full payment would be provided on the first day of the fourth month.

Conference Committee/Legislature: Delete provision.

65. TIME LIMIT EXTENSIONS

Senate: Require DWD to promulgate rules regarding the procedures that W-2 agencies must follow for granting extensions to the 60-month participation limit. Under current law, there is a 60-month lifetime limit for participation in the W-2 program. The time limit applies to the total number of months in which the individual has actively participated in the job opportunities and basic skills (JOBS) program under prior law, has received benefits under a subsidized W-2 employment position, or has received benefits in Wisconsin or any other state that were funded by federal TANF dollars. Participation in the JOBS program counts toward the 60-month time limit beginning on October 1, 1996. Therefore, participants will first be subject to the time limit beginning in October, 2001. W-2 agencies may extend the time limit only if it determines that unusual circumstances exist that warrant an extension of the participation period. Current law requires DWD to promulgate rules regarding the definition of "unusual circumstances."

Conference Committee/Legislature: Delete provision.

66. FOOD STAMP WAIVER

Senate: Require DWD to request and implement a waiver from the U.S. Department of Agriculture to waive work requirements under the food stamp employment and training program for any group of individuals living in areas with an unemployment rate greater than 10% or with an insufficient number of jobs to provide employment for that group of individuals. Food stamp benefits are fully funded with federal dollars. Therefore, this provision would have no fiscal effect. The federal government may authorize such a waiver with respect to able-bodied adults who do not have dependent children.

Conference Committee/Legislature: Delete provision.

67. STUDY OF SERVICES FOR NONCUSTODIAL PARENTS

Assembly: Request the Joint Legislative Council to study methods of providing employment and support services to low-income noncustodial parents and submit findings,

conclusions, recommendations and any proposed legislation to the Governor, Joint Committee on Finance, DOA and appropriate standing committees. Require the Council to notify DWD whether it will conduct the study by November 1, 2001. If the Council decides not to undertake the study, then DWD would be required to conduct the study and submit its findings by March 1, 2002.

Specify that the following support services would have to be included in the study: job training, job readiness skills training, transportation assistance, parenting skills training, legal assistance, basic skills training, health care and other support services. In addition, require the Council or DWD to study all of the following: (a) the costs of implementing the plan; (b) the feasibility of funding the proposed services using TANF funds and TANF maintenance-of-effort funds; (c) any employment and support services currently provided to low-income noncustodial parents (in this state or other states), including a description of the providers of those services in Wisconsin and the number served in 1999 and 2000; and (d) the estimated number of noncustodial parents who are currently delinquent in child support. Further, require DWD or the Council to consult with DHFS in determining the health care services that may be provided to low-income noncustodial parents and to conduct at least two meetings in the state for the purpose of soliciting input on the study from interested parties, including one in the City of Milwaukee.

Conference Committee/Legislature: Delete provision.

Child Support

1. RESTORE BASE FUNDING FOR KIDS [LFB Paper 1060]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$4,000,000	- \$767,900	\$3,232,100
FED	0	- 1,490,600	- 1,490,600
Total	\$4,000,000	- \$2,258,500	\$1,741,500

Governor: Restore \$2,000,000 GPR annually to DWD's base budget for the kids information data system (KIDS). Prior to the 1999-01 biennium, these funds were part of the Department's base budget for the KIDS system. However, in each year of the 1999-01 biennium, this funding was placed in the Joint Committee on Finance's supplemental appropriation because there was uncertainty about the system's costs and about the amount of other revenue sources that would be available to fund the system.

Joint Finance/Legislature: Remove \$25,600 GPR and \$49,700 FED in 2001-02 and \$742,300 GPR and \$1,440,900 FED in 2002-03 from DWD's budget to reflect a decrease in

expected expenditures for the centralized receipt and disbursement (CR&D) system vendor contract.

2. CENTRALIZED RECEIPT AND DISBURSEMENT FEE [LFB Paper 1060]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$5,146,800	- \$996,000	\$4,150,800

Governor: Provide \$2,290,900 in 2001-02 and \$2,855,900 in 2002-03 for anticipated increased vendor charges associated with the centralized receipt and disbursement system. The system is currently funded with program revenue from a \$25 annual CR&D fee charged to support obligors, segregated revenue from interest earnings on balances in the support collections trust fund, GPR appropriated to DWD and federal child support matching funds. Operation of the system is conducted primarily by a private vendor (Lockheed Martin) under contract with DWD. The base contract will expire on December 31, 2001, and the Department believes that vendor costs will be significantly higher under the new contract.

The additional funds identified above would come from a reestimate of CR&D fee revenues under current law, a \$10 increase in the fee and a modification to a provision of 1999 Wisconsin Act 9 regarding income withholding for arrearages of the fee. In addition to these provisions, the bill would make a number of other modifications regarding the fee, which are outlined below. Total revenues from the fee are estimated at \$9,190,900 in 2001-02 and \$9,755,900 in 2002-03 under the bill.

Reestimate of Centralized Receipt and Disbursement Fee Revenues. The bill would provide \$600,000 in each year to reflect a baseline reestimate of revenues from the current \$25 CR&D fee.

CR&D Fee Increase. The bill would increase the fee from \$25 to \$35, beginning on January 1, 2002. The fee increase is estimated to generate additional revenues of \$1,575,000 in 2001-02 and \$2,100,000 in 2002-03, which are included in the funding amounts shown above.

Modify Act 9 Provision. 1999 Wisconsin Act 9 specified that income assignments for delinquent CR&D fees remain in effect even if the individual's current obligation to pay the fee has terminated. However, under Act 9, this provision first applied to CR&D fees that were ordered on or after January 1, 2000. The bill would eliminate the Act 9 initial applicability date for this provision, so that income withholding could be used for CR&D fee arrearages arising from orders that were in effect before that date. This modification would increase collections of the fee by an estimated \$115,900 in 2001-02 and \$155,900 in 2002-03. These revenues are also included in the funding amounts identified above.

Withholding from Tax Credits and Refunds. Under current law, if a person is delinquent in making court-ordered child support, family support or maintenance, or owes an outstanding amount that has been ordered by the court for past support, medical expenses or birth expenses,

DWD must certify the delinquent payment or outstanding amount to the Department of Revenue. A certification of unpaid support from DWD to DOR constitutes a lien against any state tax refunds or credits owed to the obligor equal to the amount certified. DOR must notify the obligor that it intends to reduce any state tax refund or credit by the amount owed. The notice must provide that within 20 days the obligor may request a hearing before the circuit court rendering the order. A hearing date must be set by the court within 10 days after receiving such a request.

Under the bill, these provisions would also apply to delinquent CR&D fee payments. Amounts withheld by DOR for delinquent CR&D fees would be sent to DWD for deposit in its PR appropriation for child support state operations--fees, and would be used for vendor charges and other expenses associated with the centralized receipt and disbursement system.

The bill would also require amounts withheld by DOR for unpaid support to be sent to DWD for deposit in the support collections trust fund. These moneys would then be distributed to the obligee or, in the case of support assigned to the state by public assistance recipients, used for county incentive payments and costs of the W-2 program. Under current law, the statutes specify that unpaid support withheld by DOR must be sent to DWD for distribution to the obligee. However, these funds are currently deposited in DWD's appropriation for delinquent support and maintenance payments to be distributed in accordance with state law and federal regulations, which do not always provide for distribution to the obligee.

Withholding from Vendor Payments and Other Payments. Under current law, DOR may provide a certification it receives from DWD for unpaid support to the Department of Administration, which must begin to withhold any vendor payments or certain other payments from the state and notify the obligor that the unpaid support is being withheld. As with withheld tax refunds and credits, the notice must provide that within 20 days the obligor may request a hearing before the circuit court rendering the order. A hearing date must be set by the court within 10 days after receiving such a request. Under the bill, these provisions would also apply to delinquent CR&D fees.

Unpaid support and CR&D fees withheld under this provision would be transferred from DOA to DWD and deposited into its PR appropriation for delinquent support, maintenance and fee payments, to be distributed in accordance with state law and federal regulations. Under current law, the statutes specify that unpaid support withheld by DOA must be sent to DWD for distribution to the obligee. However, these funds are currently deposited in the delinquent support and maintenance appropriation and distributed in accordance with state law and federal regulations, which do not always provide for distribution to the obligee.

Income Withholding. The bill would specify that each order for or obligation to pay the annual CR&D fee would be subject to income withholding. This currently applies only to orders for the fee (as opposed to other obligations to pay). Arrearages of the fee would continue to be subject to income withholding until the arrearage is paid in full.

Impose the Fee for Years in which a Support Arrearage is Due. The bill would specify that the CR&D fee would be imposed for any year in which an arrearage of support is owed. Currently, the fee is imposed for each year in which support payments are ordered.

Unpaid County CR&D Fees. Under current law, DWD is permitted to retain unpaid CR&D fees that were due to counties prior to state implementation of the CR&D system. DWD may not deduct the fee from any support or maintenance payment. The bill would specify that DWD could not deduct the fee from any arrearage payments, in addition to current support and maintenance payments.

Joint Finance/Legislature: Approve the Governor's recommendation to raise the annual centralized receipt and disbursement fee by \$10. Reduce PR funding for the centralized receipt and disbursement system by \$484,000 in 2001-02 and \$512,000 in 2002-03 to reflect a lower estimate of the amount of revenue expected to be generated by the fee.

[Act 16 Sections: 738, 739, 745, 1139, 1842 thru 1846, 3787, 3788, 3789, 3790, 4057 and 9358(2)]

3. USE OF UNCLAIMED SUPPORT

SEG	\$3,000,000
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Governor/Legislature: Authorize DWD to retain and use unclaimed support for administration of the child support enforcement program and provide \$1,500,000 SEG in each year to reflect the estimated amount of unclaimed support that would be appropriated to DWD under this provision.

Under current law, DWD is responsible for collecting and disbursing all moneys received for child and family support and maintenance (support). Amounts of support that cannot be distributed by DWD (such as when the payee has not notified the Department of a new address) or support checks that have not been cashed within one year are considered abandoned property, and are subject to the general requirements of the state unclaimed property act. Under that law, by May 1 of each even-numbered year, DWD must file a report regarding unclaimed support with the State Treasurer that covers the previous two calendar years. For amounts of \$50 or more, DWD must notify the obligee at his or her last-known address at least 120 days prior to submitting the report that the Department is holding unclaimed support.

The State Treasurer is required to provide public notice of all reported abandoned property. If unpaid support remains unclaimed on the December 1 following this public notice, DWD must deliver the funds to the State Treasurer for deposit in the school fund. Claims for unpaid support and other abandoned property may be filed with the State Treasurer.

Under the bill, abandoned child support checks and amounts of child support that are not distributable to the payee (unclaimed support) would be credited to a new sum sufficient appropriation in the segregated support collections trust fund. These funds would be used by DWD for administering the child support program and reimbursing the State Treasurer for

subsequent claims for the unclaimed support. DWD would still be required to report unclaimed support amounts to the State Treasurer.

Any person, except another state, claiming interest in unclaimed support that has been reported to the State Treasurer could file a claim with the State Treasurer after December 1 following the report, on a form prescribed by the State Treasurer and verified by the claimant. Another state could recover unclaimed support under circumstances that are allowed under current law any time after December 31 following the reporting of unclaimed support to the State Treasurer. The State Treasurer would pay any approved claims from its current PR and GPR appropriations.

DWD would be required to reimburse the State Treasurer, at least quarterly, for any claims paid since the last reimbursement with respect to unclaimed support and any administrative expenses incurred since the last reimbursement with respect to such property. The State Treasurer would be required to deposit these moneys in the general fund.

The new provisions would first apply to uncashed support checks credited to the support collections trust fund (checks that have not been cashed within one year after issuance) or amounts determined not to be distributable from the fund by DWD on January 1, 1999.

Federal child support provisions treat unclaimed support as program revenue available to the state for its child support enforcement program, even though these funds are not appropriated to DWD under current law. Because the federal government will not provide reimbursement for child support expenses funded with program revenue, the current provisions result in DWD foregoing some federal matching funds.

[Act 16 Sections: 744, 745, 2890, 2902, 2903, 2906 thru 2910, 2912 and 9358(3)]

4. SUPPORT COLLECTIONS TRUST FUND INTEREST

SEG	\$895,000
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Governor/Legislature: Provide \$447,500 in 2001-02 and in 2002-03 to reflect baseline reestimates of revenues from interest on balances in the support collections trust fund. These dollars would be allocated to meet anticipated increases in the cost of running and administering the child support centralized receipt and disbursement system. Total interest earnings in the fund are estimated at \$1,300,000 annually under the bill.

5. FINANCIAL INSTITUTION RECORD-MATCHING PROGRAM

Governor/Legislature: Specify that DWD must reimburse a financial institution up to \$125 per quarter for participating in the child support financial record matching program. This program is operated by DWD for the purpose of determining whether a person who owes child support or maintenance has an account with a particular financial institution. Current law requires DWD to promulgate rules for the program which provide for reimbursement of

financial institutions in an amount that does not exceed the institution's costs of participating in the program.

[Act 16 Section: 1841]

6. CHILDREN FIRST PROGRAM ADMINISTRATION

Governor/Legislature: Authorize DWD to contract with a tribal governing body of a federally recognized American Indian tribe or band to administer the children first program. This program provides work experience, job training, and job search assistance to noncustodial parents who are required to participate in the program because they failed to pay court-ordered child support or to meet the needs of their child or children because of unemployment or underemployment. Currently, the program is administered at the local level by counties and W-2 agencies.

Require DWD to pay a county, tribal governing body, or W-2 agency not more than \$400 for each person who participates in the children first program. Current law requires a payment of \$400 per participant.

[Act 16 Sections: 1741 thru 1747 and 9358(4)]

7. PERCENTAGE-EXPRESSED SUPPORT ORDERS [LFB Paper 1061]

GPR	\$1,000,000
FED	<u>1,941,200</u>
Total	\$2,941,200

Joint Finance: Require all future child support orders to be expressed as a fixed sum (rather than a percentage of income or the greater or lesser of a fixed sum or a percentage of income) unless the parties have stipulated to expressing the amount as a percentage of the payer's income and the following conditions are satisfied: (a) the state is not a real party in interest in the action; (b) the payer is not subject to any other order, in any other action, for the payment of support or maintenance; and (c) all payment obligations included in the order, other than the annual receipt and disbursement fee, are expressed as a percentage of the payer's income.

Provide, for existing orders, that a court would not have to make a finding of substantial change in circumstances in order to change a percentage-expressed or mixed support order to a fixed sum order.

Require support obligors to notify the payee, within 10 business days, if the obligor changes employers or if there is substantial change in the obligor's income, including receipt of bonus compensation.

Specify that support orders could provide for an annual adjustment in the amount to be paid, based on a change in the payer's income if the order is: (a) expressed as a fixed sum; and (b) based on the percentage standard established by DWD. Provide that either party could

request an annual adjustment. Specify that an adjustment could not be made more than once in a year.

Modify current law by specifying that the court or family court commissioner could direct that all or part of the annual adjustment not take effect until such time as the court or commissioner directs if: (a) the payee was seeking an adjustment and the payer establishes that extraordinary circumstances beyond his or her control prevent fulfillment of the adjusted obligation; (b) the payer was seeking the adjustment and the payee establishes that the payer voluntarily and unreasonably reduced his or her income below his or her earning capacity; or (c) the payer was seeking the adjustment and the payee establishes that the adjustment would be unfair to the child. Require the court or family court commissioner to identify what information the parties must exchange to determine whether the payer's income has changed, as well as the manner and timing of the information exchange.

Create specific procedures and forms to be used when parties agree to stipulate to an adjustment under this provision. Provide that the form must include an order signed by a judge or family court commissioner approving the stipulation.

Permit courts and family court commissioners to award actual costs and reasonable attorney fees if a party fails to provide required information in a timely manner or unreasonably fails or refuses to sign a stipulation for an annual adjustment.

Senate: Modify the provisions regarding the use of percentage-expressed or mixed child support orders adopted by the Joint Finance Committee as follows:

Funding for Conversion of Support Orders. Provide \$1,467,400 GPR and \$2,848,600 in federal matching funds in 2001-02 to provide assistance to county child support agencies for the costs of converting child support orders to fixed-sum orders, with the monies to be allocated to counties on the basis of the number of percentage-expressed or mixed orders in a county in cases in which the state is a real party in interest.

Financial Disclosure Requirements. Under current law, in every action in which the court has ordered a party to pay child support, the court may, but is not required to, require the payor to annually furnish a financial disclosure form and a copy of his or her most recently filed state and federal income tax returns to the party for whom the support is awarded. If the state is a real party in interest, however, the court must order the party who is ordered to pay child support to annually furnish a financial disclosure form and may order the payor to annually supply a copy of his or her most recently filed state and federal income tax returns to the county child support agency.

This provision would repeal the existing financial disclosure requirements and provide, instead, that in every action in which the court has ordered a party to pay child or family support, the court must require the parties to exchange financial information annually. It would further specify that, if the court finds that a party has failed to furnish the information

required, the court may award costs and reasonable attorney fees to the party bringing the action.

Annual Adjustments in Support Orders. Provide that a party may request a finding of contempt of court or request remedial sanctions under the state's contempt of court statutes if the other party unreasonably fails to provide or disclose information required in order to calculate the annual adjustment to a support order or fails to sign a stipulation for an annual adjustment in support.

Assembly/Legislature: Incorporate the Senate provisions except provide \$1,000,000 GPR and \$1,941,200 in federal matching funds in 2001-02 to provide assistance to county child support agencies for the costs of converting child support orders to fixed-sum orders.

[Act 16 Sections: 737f, 3786c thru 3786g, 3788g thru 3788p, 3793e thru 3793g, 3828r, 3830m and 9358(8ck)]

8. TECHNICAL CORRECTIONS TO FEDERAL TAX INTERCEPT [LFB Paper 1060]

Joint Finance/Legislature: Amend state statutes that relate to federal tax intercept procedures in cases involving delinquent support [s. 49.855] to eliminate references to the Department of Revenue processing federal tax intercept collections. Amend the same section of statute to direct the Department of Administration to send federal tax intercept collections received for delinquent support to DWD for deposit to the support collections trust fund.

Both current law and the Governor's bill indicate that both state and federal tax intercept collections must be sent by the Department of Revenue to DWD to be deposited to the support collections trust fund. In practice, however, the Department of Revenue does not handle federal tax intercept collections. Instead, they are transmitted directly to the Department of Administration by the IRS. The Joint Finance provision would make the statutes consistent with current practice.

[Act 16 Sections: 738, 739, 745, 1139 and 1843 thru 1844c]

9. NAME CHANGE OF CHILD AS PART OF PATERNITY ACTION

Senate/Legislature: Allow the name of a nonmarital child who has not been adopted and whose parents have not married each other to be changed in a judgment or order determining paternity. Under these provisions, if both parents in the paternity action request the same name change, the court would be required to include that name change in the paternity judgment or order. If only one parent requests that the child's name be changed, or if each parent requests a different name change, the court may, if it determines that a name change is in the child's best interest, include in the paternity judgment an order changing the child's surname to one that consists of both parents' surnames separated by a hyphen.

Under current law, the name of a nonmarital child who has not been adopted and whose parents have not married each other may be changed if the child's mother petitions the court for the change and the father joins in the petition if his parental rights have not been terminated. Further, notice of the proposed name change and where and when the court will hear the petition for the change must be published in an area newspaper once per week for three consecutive weeks before the petition can be heard.

[Act 16 Section: 3793m]

10. REMOVAL OF CHILD TO CERTAIN FOREIGN NATIONS

Assembly: Provide that, if both parents of a child have periods of physical placement with the child, neither parent could take the child to a country that has not ratified or acceded to the Hague Convention on the Civil Aspects of International Child Abduction unless the other parent agrees in writing that the child may be taken to such a country. Provide that the court must advise the parties of the prohibition when granting physical placement, and that the order establishing placement must include the prohibition.

Specify that, if a parent who has physical placement with a child desires or intends to take the child to a country that has not agreed to the terms of the Hague convention and the other parent refuses or fails to agree in writing that the child may be taken to such a country, the parent who desires to take the child may, with notice to the other parent, file a motion, petition, or order to show cause with the court for permission to take the child. The court could grant permission to take the child after considering, among other things, the likelihood that the parent will promptly return the child by the time represented by that parent.

Under current law, if both parents have physical placement with the child, the parent who has legal custody must give the other parent at least 60 days' notice of his or her intention to remove the child from the state for more than 90 days or to establish his or her legal residence with the child outside the state or in the state at a distance of 150 miles or more from the other parent. If the parent who is not moving or taking the child outside the state objects, he or she may request the court to prohibit the move or removal or to modify the current legal custody or physical placement order.

Conference Committee/Legislature: Delete provision.